

Eagle Mountain, Utah

July 15, 2008

The City Council of Eagle Mountain City, Utah (the "Council"), met in regular public session at the regular meeting place of the Council in Eagle Mountain, Utah, on Tuesday, July 15, 2008, at the hour of 7:00 p.m., with the following members of the Council being present:

| | |
|-------------------|---------------|
| Heather Jackson | Mayor |
| Donna Burnham | Councilmember |
| Eric Cieslak | Councilmember |
| Ryan Ireland | Councilmember |
| David Lifferth | Councilmember |
| Nathan Ochsenhirt | Councilmember |

Also present:

| | |
|------------------|---------------|
| Fionnuala Kofoed | City Recorder |
| Gerald Kinghorn | City Attorney |

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance With Open Meeting Law with respect to this July 15, 2008, meeting, a copy of which is attached hereto as Exhibit A.

Thereupon, the following resolution was introduced in written form, discussed in full, and pursuant to motion made by Councilmember LIFFERTH and by seconded by Councilmember BURNHAM adopted by the following vote:

AYE: 5

NAY: 0

The resolution was then signed by the Mayor in open meeting and recorded by the City Recorder in the official records of Eagle Mountain City, Utah. The resolution is as follows:

ORIGINAL DOCUMENT
Eagle Mountain City Recorder's Office

RESOLUTION NO. R 19-2008

A RESOLUTION OF THE CITY COUNCIL OF EAGLE MOUNTAIN CITY, UTAH, FINALIZING THE TERMS AND CONDITIONS OF THE ISSUANCE AND SALE BY THE ISSUER OF ITS WATER AND SEWER REVENUE BONDS, SERIES 2008 IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,665,000; AWARDING AND CONFIRMING THE SALE OF SAID SERIES 2008 BONDS; AUTHORIZING THE EXECUTION BY THE ISSUER OF A SECOND SUPPLEMENTAL INDENTURE AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS RESOLUTION; PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; AND RELATED MATTERS.

WHEREAS, the City Council (the "Council") of Eagle Mountain City, Utah (the "Issuer"), desires to (i) finance a portion of the construction of a new wastewater treatment plan and related improvements (the "Project"), and (ii) pay the costs of issuance associated with said financing; and

WHEREAS, to accomplish the purposes set forth in the preceding recital, the Issuer desires to issue its Water and Sewer Revenue Bonds, Series 2008 in the aggregate principal amount of \$6,665,000 (the "Series 2008 Bonds") pursuant to this resolution, a General Indenture of Trust dated as of July 1, 2007 ("General Indenture"), between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), and a Second Supplemental Indenture of Trust dated as of July 1, 2008, in substantially the form presented to the meeting at which this resolution was adopted and which is attached hereto as Exhibit B (the "Second Supplemental Indenture" and collectively the General Indenture, the "Indenture"); and

WHEREAS, on March 18, 2008, the Council adopted a resolution (the "Parameters Resolution") authorizing the issuance of the Series 2008 Bonds, establishing parameters therefor, calling a public hearing and directing the publication of a Notice of Public Hearing and Bonds to be Issued; and

WHEREAS, pursuant to the Parameters Resolution and provisions of the Act, a public hearing (the "Hearing") with respect to (i) the issuance of the Series 2008 Bonds in the principal amount of not to exceed \$6,665,000, and (ii) the potential economic impact the Project will have on the private sector was held on July 15, 2008, following notice of said hearing having been published as required by law; and

WHEREAS, the State of Utah acting through the Utah Water Quality Board (the "Water Quality Board") has offered to purchase at par the Issuer's Series 2008 Bonds in the total principal amount of \$6,665,000 and bearing interest at the rate of one percent (1.0% per annum); and

WHEREAS, the Issuer desires to accept the offer of the Water Quality Board and to confirm the sale of the Series 2008 Bonds to the Water Quality Board; and

WHEREAS, the Series 2008 Bonds shall be payable solely from the Net Revenues (as defined in the Indenture) and other moneys pledged therefor in the Indenture, and shall not constitute or give rise to a general obligation or liability of the Issuer or constitute a charge against its general credit or taxing powers:

NOW THEREFORE, IT IS HEREBY RESOLVED by the City Council of Eagle Mountain City, Utah, as follows:

Section 1. The terms defined or described in the recitals hereto shall have the same meanings when used in the body of this authorizing resolution.

Section 2. All actions heretofore taken (not inconsistent with the provisions of this authorizing resolution), by the Council and by the officers of the Issuer directed toward the issuance and sale of the Series 2008 Bonds, are hereby ratified, approved, and confirmed.

Section 3. The Second Supplemental Indenture attached hereto as Exhibit B is in all respects hereby authorized and approved, and the Mayor and City Recorder are hereby authorized and directed to execute and deliver the same on behalf of the Issuer.

Section 4. For the purposes of financing the Project and paying costs of issuance, the Issuer hereby authorizes the issuance of the Series 2008 Bonds in the aggregate principal amount of \$6,665,000 which shall be designated "Eagle Mountain City, Utah Water and Sewer Revenue Bonds, Series 2008."

The Series 2008 Bonds shall bear interest, shall be dated, shall be issued as fully registered Bonds, and shall mature as provided in the Second Supplemental Indenture.

The Series 2008 Bonds shall be issued on a parity with the Issuer's Water and Sewer Revenue Bonds, Series 2007 (the "Parity Bonds"), such that the Series 2008 Bonds are secured by an equal lien pledge of the Net Revenues of the Issuer's System with said Parity Bonds.

Section 5. The form, terms, and provisions of the Series 2008 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Second Supplemental Indenture. The Mayor and City Recorder are hereby authorized and directed to execute and seal the Series 2008 Bonds and to deliver said Series 2008 Bonds to the Registrar (as defined in the General Indenture) for authentication. The signatures of the Mayor and the City Recorder may be by facsimile or manual execution.

Section 6. The appropriate officials of the Issuer are hereby authorized and directed to execute and deliver to the Registrar (as defined in the General Indenture) the written order of the Issuer for authentication and delivery of the Series 2008 Bonds in accordance with the provisions of the Indenture.

Section 7. Upon their issuance, the Series 2008 Bonds will constitute special limited obligations of the Issuer payable solely from and to the extent of the sources set forth in the Series 2008 Bonds and the Indenture. No provision of this authorizing resolution, the Indenture, the Series 2008 Bonds, or any other instrument, shall be construed as creating a general obligation of the Issuer, or of creating a general obligation of the State of Utah or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Issuer or its taxing powers.

Section 8. The appropriate officials of the Issuer, and each of them, are hereby authorized and directed to execute and deliver for and on behalf of the Issuer any or all additional certificates, documents, and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this authorizing resolution and the documents authorized and approved herein.

Section 9. After the Series 2008 Bonds are delivered to Water Quality Board, and upon receipt of payment therefor, this authorizing resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2008 Bonds are deemed to have been duly discharged in accordance with the terms and provisions of this authorizing resolution.

Section 10. The form of the Second Supplemental Indenture authorized and approved hereby is authorized and approved with such additions, modifications, deletions, and changes thereto as may be deemed necessary or appropriate and approved by the Mayor, whose execution thereof on behalf of the Issuer shall conclusively establish such necessity, appropriateness, and approval with respect to all such additions, modifications, deletions, and changes incorporated therein.

Section 11. In accordance with the Act, the City Recorder has caused a "Notice of Public Hearing and Bonds to be Issued" to be published once a week for two consecutive weeks in the Daily Herald, a newspaper having general circulation in the Issuer, with the Public Hearing being held not less than fourteen (14) days after the Notice was first published, and has caused a copy of the Parameters Resolution to be kept on file in the office of the City Recorder for public examination during regular business hours at least thirty (30) days from and after the date of publication thereof. Such notice is hereby reaffirmed and approved.

Section 12. It is hereby declared that all parts of this authorizing resolution are severable, and if any section, clause, or provision of this authorizing resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, clause, or provision shall not affect the remaining sections, clauses, or provisions of this authorizing resolution.

Section 13. All resolutions, orders, and regulations or parts thereof heretofore adopted or passed which are in conflict herewith are, to the extent of such conflict, hereby repealed. This repealer shall not be construed so as to revive any resolution, order, regulation, or part thereof heretofore repealed.

Section 14. This authorizing resolution shall take effect immediately upon its approval and adoption.

PASSED, APPROVED, AND ADOPTED this July 15, 2008.

(SEAL)



By: *Keith Jacks*
Mayor

ATTEST:

By: *Ann B. Kyles*
City Recorder

(Here follows business not pertinent to the above.)

Pursuant to motion duly made and seconded, the City Council adjourned.

(SEAL)



By: *Charles Sacks*
Mayor

ATTEST:

By: *Ann B. Koper*
City Recorder

STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

I, Fionnuala Kofoed, the duly qualified and acting City Recorder of Eagle Mountain City, Utah (the "Issuer"), do hereby certify according to the records of the Issuer's City Council (the "Council") in my possession that the foregoing constitutes a true, correct, and complete copy of the minutes of a meeting of the Council held on July 15, 2008, as it pertains to a bond resolution (the "Resolution") adopted by the Council at said meeting, including the Resolution, as said minutes and Resolution are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my signature and impressed hereon the official seal of the Issuer this July 15, 2008.

(SEAL)



By: *Fionnuala Kofoed*
City Recorder

DRAFT

1 **MOTION:** *Councilmember Cieslak moved to approve the consent agenda with the minutes as amended*
2 *and with items 14A, 14B and 16C removed. Councilmember Ochsenhirt seconded the*
3 *motion. Those voting aye: Donna Burnham, Eric Cieslak, Ryan Ireland, David Lifferth and*
4 *Nathan Ochsenhirt. The motion passed with a unanimous vote.*

5 6 SCHEDULED ITEMS

7
8 18. PUBLIC HEARING – Public Hearing Regarding the Issuance and Sale of Not More than
9 \$6,665,000 Aggregate Principal Amount of Sewer Revenue Bonds, Series 2008, of Eagle Mountain
10 City, Utah.

11
12 The Utah State Water Quality Board is prepared to purchase bonds from the City to finance the construction
13 of the new South Service Area Wastewater Treatment Plant expansion. State law requires that the City
14 provide an opportunity for persons who have filed a protest based on the Parameters Resolution to comment
15 before the Bond Resolution is adopted. To the date of preparation of the agenda, no comments have been
16 received raising concerns about the proposed bonds. The bonds to be issued total \$6,665,000.00. The
17 bonds will be issued on an equal basis (parity) with the existing bonds; that is, the existing bonds have the
18 same priority in terms of revenue pledge as the proposed bonds. The term of the bonds is twenty years and
19 the interest rate is subsidized by the State at 1%. Annual debt service will increase over the years to reflect
20 growth in revenues from impact fees and annual service charges from the growth in the South Service Area.
21 The bond repayment schedule was provided in materials with the agenda.

22
23 *Mayor Jackson opened the public hearing at 9:00 p.m. Hearing no comments, she closed the hearing.*

24
25 19. RESOLUTION – Consideration and Adoption of a Resolution Regarding the Issuance and Sale of
26 Not More than \$6,665,000 Aggregate Principal Amount of Sewer Revenue Bonds, Series 2008, of
27 Eagle Mountain City Utah.

28
29 A Resolution regarding sewer revenue bonds was presented by City Attorney Jerry Kinghorn. The Bond
30 Resolution and related documents have been drafted by Blaine Carlton of the firm of Ballard Spahr
31 Andrews & Ingersoll to be in compliance with legal requirements. The Bond Resolution authorizes the
32 Mayor and staff to execute all of the documents necessary to complete the closing of the transaction.
33 Additional details are included under Item 18 above.

34
35 **MOTION:** *Councilmember Lifferth moved to approve Resolution 19-2008 approving the issuance and*
36 *sale of not more than \$6,665,000 aggregate principal amount of sewer revenue bonds, series*
37 *2008, of Eagle Mountain City, Utah, as presented. Councilmember Burnham seconded the*
38 *motion. Those voting aye: Donna Burnham, Eric Cieslak, Ryan Ireland, David Lifferth and*
39 *Nathan Ochsenhirt. The motion passed with a unanimous vote.*

40
41 20. MOTION – Adjourn the Meeting of the Eagle Mountain City Council and Convene as the
42 Board of the Redevelopment Agency of Eagle Mountain City.

43
44 **MOTION:** *Councilmember Cieslak moved to adjourn the meeting of the Eagle Mountain City Council*
45 *and convene as the Board of the Redevelopment Agency of Eagle Mountain City.*
46 *Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Eric*
47 *Cieslak, Ryan Ireland, David Lifferth and Nathan Ochsenhirt. The motion passed with a*
48 *unanimous vote.*

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Fionnuala Kofoed, the duly qualified and acting City Recorder of Eagle Mountain City, Utah (the "Issuer"), do hereby certify, according to the records of the Issuer in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-202, Utah Code Annotated 1953, as amended, I gave not less than twenty-four (24) hours public notice of the agenda, date, time, and place of the July 15, 2008, public meeting held by the Issuer as follows:

(a) By causing a Notice, in the form attached hereto as Schedule 1, to be posted at the Issuer's principal offices on July 10th, 2008, at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting; and

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to the Daily Herald on July 10th, 2008, at least twenty-four (24) hours prior to the convening of the meeting.

(c) Posting a copy of such Notice on the Utah Public Notice Website (if available) created under Section 63F-1-701 Utah Code Annotated 1953, as amended.

IN WITNESS WHEREOF, I have hereunto subscribed my signature this July 15, 2008.

(SEAL)



By: _____

Fionnuala B. Kofoed
City Recorder

SCHEDULE 1

NOTICE OF MEETING

AGENDA
EAGLE MOUNTAIN CITY COUNCIL MEETING

July 15, 2008

Joint Work Session at 4:00 p.m. to 6:00 p.m. - Policy Session at 8:00 p.m.

Eagle Mountain City Council Chambers, 1650 East Stagecoach Run, Eagle Mountain, Utah 84005

*** This meeting may be held telephonically to allow a member of the City Council to participate ***

4:00 P.M. JOINT WORK SESSION WITH THE CITY OF SARATOGA SPRINGS CITY COUNCIL – COUNCIL CHAMBERS

1. BOUNDARY BY WRITTEN AGREEMENT
2. TRANSPORTATION ISSUES
 - A. Roads
 1. UDOT – Update and Discussion on Redwood Rd., Pioneer Crossing Blvd., and Hwy. 73
 2. Pony Express/Main St. Extension
 3. Any other Intersecting Roads Planned
 - B. Bus Routes
 - C. Utah Lake Bridge
3. WATER ISSUES
 - A. CWP Project – Timing, Route, and Storage Siting
 - B. Utah Lake Commission Studies
4. FIRE ISSUES
 - A. Mutual Aid
 - B. Fire District Study
5. ECONOMIC DEVELOPMENT
 - A. Chamber of Commerce
 - B. Growth Issues
6. WASTEWATER ISSUES
 - A. TSSD Future/Problems/Issues
 - B. Trunkline Capacity and Mount Saratoga Sewer Issues
7. COUNTY/STATE ISSUES
 - A. County and State Official's Effectiveness and Representation
 - B. UDOT and Other Agencies
 - C. Joint Lobbying
8. MISCELLANEOUS

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL CITY COUNCIL MEETINGS.
If you need a special accommodation to participate in the City Council Meetings and Work Sessions,
please call the City Recorder's Office at least 3 working days prior to the meeting at 789-6611.

6:00 P.M. EAGLE MOUNTAIN CITY COUNCIL WORK SESSION – CITY COUNCIL CHAMBERS

1. PRESENTATION – Santaquin City/ Lynette Davis
2. DISCUSSION – North Ranch Installation of Natural Gas System/Dan Ford
3. AGENDA REVIEW - The City Council will review items on the Consent Agenda and Policy Session Agenda.
4. CITY ADMINISTRATOR INFORMATION ITEMS - This is an opportunity for the City Administrator to provide information to the City Council. These items are for information and do not require action by the City Council.
 - A. Update on the Sewer Treatment Facility (*Presented by Chris Trusty*)
5. ADJOURN TO A CLOSED EXECUTIVE SESSION

The City Council will adjourn into a Closed Executive Session for the purpose of discussing litigation, pursuant to Section 52-4-205(1) of the Utah Code, Annotated.

8:00 P.M. POLICY SESSION – CITY COUNCIL CHAMBERS

6. CALL TO ORDER
7. PLEDGE OF ALLEGIANCE
8. INFORMATION ITEMS/UPCOMING EVENTS
9. PUBLIC COMMENTS - Time has been set aside for the public to express their ideas, concerns and comments. (*Please limit your comments to three minutes each.*)
10. CITY COUNCIL/MAYOR’S ITEMS - Time has been set aside for the City Council and Mayor to make comments. (*Comments are limited to three minutes each.*)
11. APPOINTMENTS
 - A. Planning Commission – Karleen Bectel
 - B. Doug Comeau – Parks and Recreation Advisory Board

CONSENT AGENDA

12. MINUTES
 - A. July 1, 2008 – Special City Council Meeting
13. FINAL PLATS
 - A. Eagle Point F Final Plat (Revised)
14. FINAL PAYMENTS

- A. SilverLake Street Trees – J. Lynn Roberts and Sons
- B. 2008 Ranches Parkway Slurry Seal

15. FINAL BOND RELEASE

- A. Sunrise at Kiowa Valley Plats A & B

16. BID AWARDS

- A. Walden Park Detention Pond
- B. Ranches Parkway Golf Course Tunnel
- C. 2008 Mt. Airey Reconstruction

17. PARTIAL BOND RELEASE

- A. Lone Tree Plat E – Rotomill and Overlay Bond Release

SCHEDULED ITEMS

18. PUBLIC HEARING – Public Hearing Regarding the Issuance and Sale of Not More than \$6,665,000 Aggregate Principal Amount of Sewer Revenue Bonds, Series 2008, of Eagle Mountain City Utah.

BACKGROUND: *(Presented by Jerry Kinghorn)* The Utah State Water Quality Board is prepared to purchase bonds from the City to finance the construction of the new South Service Area Wastewater Treatment Plant expansion. State law requires that we provide an opportunity for persons who have filed a protest based on the Parameters Resolution to comment before the Bond Resolution is adopted. To the date of preparation of the Agenda, no comments have been received raising concerns about the proposed bonds. The Bonds to be issued total \$6,665,000.00. The Bonds will be issued on an equal basis (parity) with the existing bonds – that is the existing bonds have the same priority in terms of revenue pledge as the proposed Bonds. The term of the bonds is twenty years and the interest rate is subsidized by the state at 1%. Annual debt service increases over the years to reflect growth in revenues from impact fees and annual service charges from the growth in the South Service Area. The Bond repayment schedule is provided in materials with the Agenda.

19. RESOLUTION – Consideration and Adoption of a Resolution Regarding the Issuance and Sale of Not More than \$6,665,000 Aggregate Principal Amount of Sewer Revenue Bonds, Series 2008, of Eagle Mountain City Utah.

BACKGROUND: *(Presented by Jerry Kinghorn)* The Bond Resolution and related documents have been drafted by Blaine Carlton of the firm of Ballard Spahr Andrews & Ingersoll to be in compliance with legal requirements. The Bond Resolution authorizes the Mayor and staff to execute all of the documents necessary to complete the closing of the transaction. Additional details are included under Item 18 above.

20. MOTION – Adjourn the Meeting of the Eagle Mountain City Council and Convene as the Board of the Redevelopment Agency of Eagle Mountain City. (The City Council will convene as the Board Directors of the Redevelopment Agency of Eagle Mountain City to conduct separate business.)

21. MOTION – Reconvene as the City Council of Eagle Mountain City. (The City Council will

reconvene as the City Council of Eagle Mountain City.)

22. ORDINANCE – Consideration and approval of a Land Use Ordinance Adopting the Eagle Mountain City Community Development Project Area Plan as Eagle Mountain City’s Development Plan for the Property Located in the Community Development Project Areas as presented.

BACKGROUND: *(Presented by Jerry Kinghorn)* The Redevelopment Agency of Eagle Mountain has forwarded the Project Area Plan resolution for the Project Area identified as #2008-1, the Gateway CDA. Having received the Resolution of the RDA Board, the City Council should enact the proposed Ordinance designating the Project Plan as the City land use development plan for the designated area of the City. The RDA record is available for additional information on the Project Area.

23. MOTION – Consideration and Approval of a Protected Record Classification and Ratification of Settlement Agreement.

BACKGROUND: *(Presented by Jerry Kinghorn)* The City has reached a Settlement Agreement with one of the parcel owners involved the 138 Kv line easement acquisitions. The Agreement is intended to be a protected record under the Government Records Act to prevent information regarding the settlement payment from becoming public information. As long as we are in the process of acquiring easements from property owners, we need to protect the settlement payments from becoming public information to prevent the use of the payment amounts in mediation, arbitration or litigation proceedings. Each easement is evaluated independently and the basis for settlement with one party should not be used as evidence in other proceedings. We recommend that the Council approve the Settlement Agreement discussed in the closed executive session as a protected record and ratify the Settlement Agreement executed by the Mayor under prior authorization from the Council.

24. MOTION - Consideration and Approval of Request for Proposals to prepare an Amended Independent Capital Facilities Plan for Eagle Mountain City.

BACKGROUND: *(Presented by Jerry Kinghorn)* The City Capital Facilities Plan has not been subject to a comprehensive amendment since it was originally approved almost ten years ago. Some of the facilities cost estimates are out of date, nomenclature of some facilities has been revised and the time to spend some of the funds collected needs to be reviewed and revised to meet the actual pace of the collection of funds. Other financial analysis is needed to determine whether or not some fees continue to be justified at the current rates. Amending the Independent Capital Facilities Plan is necessary to keep the City in legal compliance. Utah Law requires advance notice of the intent of the City to amend its Independent Capital Facilities Plan and the required notices have been given as required by law.

25. MOTION – Consideration and Approval of a Temporary Site Plan for a Seminary Building.

BACKGROUND: *(Presented by Planning Staff)* Eagle Mountain City received an application from the LDS Church to install a temporary Seminary building designed for the use of Rockwell Charter High School students. The site is located just east of the High School in the Saddle Junction subdivision, Lot 104. The City Council approved the Temporary Site Plan for the Seminary Building at the June 17, 2008 City Council meeting with a condition that if the LDS Church submits a complete site plan application for the end of the first year then an extension for

the second year can be applied for. Conversely, if they don't submit their application by the end of the first year, the second year will not be permitted. This condition is problematic for the applicant and they have requested that the City Council reconsider that particular condition of approval.

26. CITY COUNCIL/MAYOR'S BUSINESS - This time is set aside for the City Council's and Mayor's comments on city business.
27. COMMUNICATION ITEMS
 - A. Upcoming Agenda Items
 - B. Financial Report
28. ADJOURNMENT

CERTIFICATE OF POSTING

The undersigned duly appointed recorder or deputy recorder does hereby certify that the above agenda notice was posted in four public places within Eagle Mountain City limits on this 10th day of July, 2008. These public places being bulletin boards located inside the City offices and located in the Eagle Mountain City Library, 1650 E. Stagecoach Run, Eagle Mtn., UT; and the bulletin board located inside the Prairie Gate professional office building, 3688 E. Campus Dr., Eagle Mountain, Utah. On this 10th day of July, 2008, the above agenda notice was sent by facsimile and/or email to New Utah located in American Fork, Utah; and local newspapers located in Eagle Mountain and Saratoga Springs, Utah.

Fionnuala B. Kofoed, City Recorder

EXHIBIT B

GENERAL INDENTURE AND SECOND SUPPLEMENTAL INDENTURE

(See Transcript Document Nos. ___ and ___)

SECOND SUPPLEMENTAL INDENTURE OF TRUST

Dated as of July 1, 2008

by and between

EAGLE MOUNTAIN CITY, UTAH

and

U.S. BANK NATIONAL ASSOCIATION

Supplementing the General Indenture of Trust
Dated as of July 1, 2007

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SECOND SUPPLEMENTAL INDENTURE OF TRUST

This Second Supplemental Indenture of Trust, dated as of July 1, 2008, by and between Eagle Mountain City, Utah, a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah (the "Issuer") and U.S. Bank National Association, a national bank duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal office in Salt Lake City, Utah (the "Trustee");

WITNESSETH:

WHEREAS, the Issuer has entered into a General Indenture of Trust, dated as of July 1, 2007 (the "General Indenture"), with the Trustee; and

WHEREAS, the Issuer desires to issue a Series of Bonds to finance improvements and additions to its water and sewer systems as hereinafter set forth; and

WHEREAS to (i) finance a portion of the construction of a new wastewater treatment plan and related improvements, (the "2008 Project"), and (ii) pay the costs of issuance of the Series 2008 Bonds herein authorized, the Issuer has determined to issue its Water and Sewer Revenue Bonds, Series 2008 in the aggregate principal amount of \$6,665,000 (the "Series 2008 Bonds") ; and

WHEREAS, the Series 2008 Bonds will be authorized, issued and secured under the General Indenture, as amended and supplemented by this Second Supplemental Indenture (the "Second Supplemental Indenture," and collectively with the General Indenture, and any amendments thereto or hereto, the "Indenture"); and

WHEREAS, the State of Utah acting through the State of Utah Department of Environmental Quality, Division of Water Quality (the "Water Quality Board") has agreed to purchase the Series 2008 Bonds upon the terms and conditions herein set forth; and

WHEREAS, the execution and delivery of the Series 2008 Bonds and of this Second Supplemental Indenture have in all respects been duly authorized and all things necessary to make the Series 2008 Bonds, when executed by the Issuer and authenticated by the Trustee, the valid and binding legal obligations of the Issuer and to make this Second Supplemental Indenture a valid and binding agreement have been done;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH, that to secure the Series 2008 Bonds and all Additional Bonds issued and Outstanding under the Indenture, the payment of the principal or redemption price thereof and interest thereon, the rights of the Registered Owners of the Bonds and of all Reserve Instrument Providers and the performance of all of the covenants contained in such Bonds and herein, and for and in consideration of the mutual covenants herein contained and of the purchase of such Bonds by the Registered Owners thereof from time to time and the issuance of the Reserve Instrument by the Reserve Instrument Provider, and of the acceptance by the Trustee of the trusts hereby created, and intending to be

legally bound hereby, the Issuer has executed and delivered this Second Supplemental Indenture of Trust, and by these presents does, in confirmation of the General Indenture, as amended and supplemented, hereby sell, assign, transfer, set over and pledge unto U.S. Bank National Association, as Trustee, its successors and trusts and its assigns forever, to the extent provided in the General Indenture, as amended and supplemented, all right, title and interest of the Issuer in and to (i) the Net Revenues (as defined in the General Indenture), (ii) all moneys in funds and accounts held by the Trustee under the General Indenture and hereunder (except the Rebate Fund), and (iii) all other rights granted under the General Indenture and hereinafter granted for the further securing of such Bonds.

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

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

ARTICLE I

SUPPLEMENTAL INDENTURE; DEFINITIONS

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

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

Section 1.3 Additional Definitions. In addition, for purposes of the General Indenture and this Second Supplemental Indenture, the following terms shall, unless the context clearly requires otherwise, have the meanings as follows:

“Debt Service Reserve Requirement means, with respect to the Series 2008 Bonds, an initial amount of \$369,343, which shall be funded as provided in Section 5.5 herein.

“Interest Payment Date” with respect to the Series 2008 Bonds, means each November 15 beginning November 15, 2008.

“Original Issue Date” means with respect to the Series 2008 Bonds, their initial delivery date.

“Parity Bonds” means the Issuer’s Outstanding Water and Sewer Revenue Bonds, Series 2007.

“Series 2008 Debt Service Reserve Account” means the account established within the Debt Service Reserve Fund under the General Indenture held in trust by the Trustee.

“Series 2008 Acquisition/Construction Account” means the account established within the Acquisition/Construction Fund under the General Indenture held in trust by the Trustee, into which the net proceeds of the Series 2008 Bonds shall be deposited as provided herein.

“Series 2008 Bonds” means the Issuer’s Water and Sewer Revenue Bonds, Series 2008, herein authorized.

“2008 Project” means the Project financed by the Series 2008 Bonds as described in Exhibit A attached hereto.

“Water Quality Board” means the State of Utah acting through the State of Utah Department of Environmental Quality, Water Quality Board.

ARTICLE II

ISSUANCE OF THE SERIES 2008 BONDS

Section 2.1 Principal Amount, Designation and Series. The Series 2008 Bonds are hereby authorized for issuance under the Indenture for the purpose of providing funds to (a) finance a portion of the 2008 Project, and (b) pay costs incurred in connection with the issuance of the Series 2008 Bonds. The Series 2008 Bonds shall be limited to \$6,665,000 in aggregate principal amount, shall be issued (i) if issued as a State Bond, in the form set forth in Exhibit C-1 and (ii) if issued as an Exchange Bond, in the form set forth in Exhibit C-2 in fully registered form. The Series 2008 Bonds shall bear interest from their Original Issue Date at the rate of one percent (1.0%) per annum on the unpaid principal balance of the Series 2008 Bonds which shall be payable commencing November 15, 2008, until the Series 2008 Bonds are paid in full. If issued as Exchange Bonds, the Series 2008 Bonds shall be in the denomination of \$1,000 or any integral multiple thereof. The Series 2008 Bonds shall initially be issued as one fully registered State Bond. The Series 2008 Bonds shall be designated as, and shall be distinguished from the Bonds of all other series by the title, "Eagle Mountain City, Utah Water and Sewer Revenue Bonds, Series 2008."

The Series 2008 Bonds shall be issued on a parity with the Issuer's Parity Bonds, such that the Series 2008 Bonds are secured by an equal lien pledge of the Net Revenues of the Issuer's System with said Parity Bonds.

The Series 2008 Bonds shall be in such form as to permit the Water Quality Board to make incremental advances on its total loan commitment to the Issuer during the period of acquisition and construction of the Project.

Section 2.2 Advances of Proceeds. On or before fifteen (15) days prior to the first day of each calendar quarter beginning prior to the payment by the Issuer of costs of construction of the 2008 Project, or at such other time as shall be specified by the Water Quality Board, the Issuer shall provide to the Water Quality Board a certificate setting forth a schedule of the costs of construction which the Issuer estimates will become due and payable by the Issuer during the next calendar quarter. Advances made by the Water Quality Board on the basis of such certificates shall be deposited in the Series 2008 Acquisition/Construction Account. All such advances shall be in the amount of \$1,000 or any integral multiple thereof. Upon receipt of evidence of deposit of each advance in the Series 2008 Acquisition/Construction Account, the Treasurer of the Issuer shall give telephonic authorization followed by written confirmation to the Water Quality Board to stamp or write the date and amount of such advance made by the Water Quality Board in the appropriate place on the Certificate of Dates of Payment and Amount appearing on the State Bonds. Each advance made by the Water Quality Board on the State Bonds shall constitute proceeds of the State Bonds and shall be deemed to constitute the full purchase price of the corresponding principal amount of the State Bonds noted on the Certificate of Dates of Payment and Amount appearing on the State Bond(s). As advances are made by the Water Quality Board, they shall be deemed to represent principal payments in the order of their maturity.

Section 2.3 Date, Maturities and Interest. The Series 2008 Bonds shall be in the denomination of One Thousand Dollars (\$1,000) each or any integral multiple thereof and shall be paid as provided in this Section 2.3.

Except as provided in the next succeeding paragraph, principal payments, whether at maturity or by redemption, shall be payable upon presentation of the applicable Series 2008 Bonds at the offices of the Paying Agent for endorsement or surrender, or of any successor Paying Agent.

So long as the Water Quality Board is the Registered Owner of the Series 2008 Bonds, payments on the Series 2008 Bonds shall be made by check or draft without presentation of the Series 2008 Bonds and mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the Registrar. Payment on the Series 2008 Bonds shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

The Series 2008 Bonds shall be dated as of the Original Issue Date, and shall mature on November 15 in the years and in the amounts and shall bear interest at the rate of 1% per annum as follows:

| <u>Maturity</u> <u>(November 15)</u> | <u>Principal Amount</u> | <u>Maturity</u> <u>(November 15)</u> | <u>Principal Amount</u> |
|---|-------------------------|---|-------------------------|
| 2008 | Interest only | 2019 | \$250,000 |
| 2009 | Interest only | 2020 | 280,000 |
| 2010 | \$35,000 | 2021 | 315,000 |
| 2011 | 60,000 | 2022 | 350,000 |
| 2012 | 72,000 | 2023 | 370,000 |
| 2013 | 80,000 | 2024 | 400,000 |
| 2014 | 107,000 | 2025 | 435,000 |
| 2015 | 133,000 | 2026 | 470,000 |
| 2016 | 160,000 | 2027 | 500,000 |
| 2017 | 190,000 | 2028 | 540,000 |
| 2018 | 220,000 | 2029 | 650,000 |

If less than \$6,665,000 is advanced on the Series 2008 Bonds, the repayment period shall be shortened and the number of annual principal installments shall be reduced in inverse order of payment (and the amount of the final remaining principal payment shall be reduced, if required) to correspond to the maximum principal amount of the Series 2008 Bonds.

The interest on Series 2008 Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to 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 Series 2008 Bonds on such Regular Record Date, and may be paid to 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 the Series 2008 Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest shall be paid by check or draft mailed on each Interest Payment Date to the Holder of each of the Series 2008 Bonds as the name and address of such Holder appears on the Record Date in the Register. Interest on the Series 2008 Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Section 2.4 Delinquent Payment. Payments of principal and interest on the Series 2008 Bonds which are delinquent from the due date thereof shall draw interest at the rate of eighteen percent (18%) per annum on the delinquent payment from said due date until paid in full.

Section 2.5 Exchange of State Bonds. As long as the Water Quality Board is the sole Registered Owner of the Series 2008 Bonds, the Series 2008 Bonds shall be issued only as the State Bonds in the form prescribed in Exhibit C. It is recognized that the Water Quality Board may sell or otherwise transfer the Series 2008 Bonds pursuant to the provisions of the State Financing Consolidation Act, Title 63, Chapter 65, Utah Code Annotated 1953, as amended, or otherwise. In the event the Water Quality Board determines to sell or otherwise transfer all or a portion of the Series 2008 Bonds pursuant to the State Financing Consolidation Act, or otherwise, the State Bonds shall be exchanged at the office of the Paying Agent for a like aggregate principal amount of Exchange Bonds in accordance with the provisions of this Section 3.5. Any Series 2008 Bond, or any portion thereof, which is sold or otherwise transferred or liquidated by the Water Quality Board pursuant to the State Financing Consolidation Act, or otherwise, shall be in the form of an Exchange Bond prescribed in Exhibit C-2, and shall be executed pursuant to authorization contained in Section 2.6 of the General Indenture. Each principal payment on the State Bonds not previously paid or canceled shall be represented by an equivalent principal amount of Exchange Bonds, in authorized denominations, and of like maturity. The Issuer and its officers shall execute and deliver such documents and perform such acts as may reasonably be required by the Issuer to accomplish the exchange of the State Bonds for Exchange Bonds, provided that the Water Quality Board shall pay or cause to be paid all costs and other charges incident to such exchange and the Issuer shall have no obligation to pay any such costs or charges.

Section 2.6 Designation of Registrar. U.S. Bank National Association, Salt Lake City, Utah, is hereby designated as Registrar for the Series 2008 Bonds, acceptance of which appointment shall be evidenced by execution of this Second Supplemental Indenture by the Trustee.

Section 2.7 Designation of Paying Agent. U.S. Bank National Association, Salt Lake City, Utah, is hereby designated as Paying Agent for the Series 2008 Bonds, acceptance of which appointment shall be evidenced by execution of this Second Supplemental Indenture by the Trustee.

Section 2.8 Limited Obligation. The Series 2008 Bonds, together with interest thereon, shall be special limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Series 2008 Bond proceeds or other funds created hereunder or under the Indenture (excluding the Rebate Fund) or the income from the temporary investment thereof).

Section 2.9 Enforcement of Indenture With Respect to Series 2008 Bonds. Notwithstanding anything in the General Indenture or herein to the contrary, so long as the Water Quality Board is the Registered Owner of the Series 2008 Bonds, it may deal directly with the Issuer in the servicing and enforcement of said Series 2008 Bonds; provided, however, prior to undertaking any enforcement activity, it will consult with the Trustee and coordinate any such enforcement with the Trustee to the extent permissible under State regulations, and further provided that no remedial action may be taken by Water Quality Board or the Trustee which favors one Bondholder over another.

Section 2.10 Optional Redemption and Redemption Prices. Each principal payment of the Series 2008 Bonds is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer, in inverse order of the due dates thereof, and by lot selected by the Issuer if less than all of the State Bonds of a particular due date are to be redeemed, upon notice as provided in Section 2.8 of the General Indenture, and upon at least thirty (30) days' prior written notice of the amount of prepayment and the date scheduled for prepayment of the Water Quality Board with respect to the State Bonds, and at a redemption price equal to 100% of the principal amount to be prepaid or redeemed, plus accrued interest, if any, to the date of redemption.

Section 2.11 Mandatory Redemption of Series 2008 Bonds. The Series 2008 Bonds shall be subject to special mandatory redemption in part, at a redemption price equal to 100% of the principal amount of Series 2008 Bonds to be redeemed plus interest to the date of redemption on the following dates and in the following principal amounts.

| Redemption Date (<u>November 15</u>) | <u>Principal Amounts</u> (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area*, pursuant to Ordinance No. _____) |
|---|--|
| 2010 | \$45,000 |
| 2011 | 45,000 |
| 2012 | 45,000 |
| 2013 | 50,000 |
| 2014 | 50,000 |
| 2015 | 50,000 |
| 2016 | 55,000 |
| 2017 | 55,000 |
| 2018 | 55,000 |

* The South Service Area consists of [to be completed by the City].

| Redemption Date (November 15) | <u>Principal Amounts</u> | |
|----------------------------------|---|--------|
| | (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area *, pursuant to Ordinance No. _____) | |
| 2019 | | 60,000 |
| 2020 | | 60,000 |
| 2021 | | 60,000 |
| 2022 | | 60,000 |
| 2023 | | 60,000 |
| 2024 | | 60,000 |
| 2025 | | 60,000 |
| 2026 | | 60,000 |
| 2027 | | 60,000 |
| 2028 | | 60,000 |

Section 2.12 Sale of Series 2008 Bonds. The Series 2008 Bonds are hereby sold to the Water Quality Board at a purchase price of \$6,665,000.

Section 2.13 Series 2008 Bonds as Construction Bonds. The Series 2008 Bonds are issued as the Construction Bonds under Section 2.13 of the General Indenture. The Issuer hereby certifies that the requirements set forth in Section 2.4(c) of the General Indenture have been and will be complied with in connection with the issuance of the Series 2008 Bonds.

ARTICLE III

ADDITIONAL COVENANTS

Section 3.1 Additional Covenants With Respect to the Series 2008 Bonds. The Issuer hereby covenants and agrees with the holder of the Series 2008 Bonds issued hereunder the following:

(a) So long as the Series 2008 Bonds remain outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. The Bondholder or any duly authorized agent or agents of such holder shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System and all properties constituting the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each fiscal year (the term "fiscal year" as used in this subsection meaning whatever twelve-month period the Issuer may from time to time be using for general financial accounting purposes) cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the System, and that such audit will be available for inspection by each Bondholder; provided, however, during such periods of time as the Water Quality Board is the registered owner of any of the Series 2008 Bonds, each such audit will be supplied to the Water Quality Board as soon as completed without prior request therefor by the Water Quality Board. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include the following:

- (i) A statement in detail of the income and expenditures of the System for such fiscal year;
- (ii) A balance sheet as of the end of such fiscal year;
- (iii) The accountant's comments regarding the manner in which the Issuer has carried out the requirements of this Second Supplemental Indenture, and the accountant's recommendations for any change or improvement in the operation of the System;
- (iv) A list of the insurance policies in force at the end of the fiscal year, setting out as to each policy, the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy;
- (v) The number of parcels of property connected to the System at the end of the fiscal year;

(vi) An analysis of all funds created in the General Indenture, setting out all deposits and disbursements made during the fiscal year and the amount in each fund at the end of the fiscal year;

(vii) The number of water and sewer connections within the boundaries of the Issuer, and applications for water and sewer service on hand at the end of the fiscal year;

(viii) The total billings for such fiscal year;

(ix) All schedules of rates and charges imposed for water and sewer service during the fiscal year.

The audit must be performed in accordance with generally accepted government auditing standards.

(b) In addition to the reporting requirements set forth in 3.1(a) above, the Issuer shall submit to the Water Quality Board within one hundred eighty (180) days following the close of the Issuer's fiscal year, a summary report substantially in the form as provided by the Water Quality Board to the Issuer upon purchase of the Series 2008 Bonds. The Water Quality Board may, however, upon written request from the Issuer setting forth the reasons why a certified audit is not necessary or is impractical, waive the audit requirements for any particular fiscal year set forth in this Section 3.1(b).

All expenses incurred in compiling the information required by this section shall be regarded and paid as an Operation and Maintenance Expense. If the holder of the Series 2008 Bonds is other than the Water Quality Board, the Issuer agrees to furnish a copy of such information to such Bondholder at its request after the close of each fiscal year. Any Bondholder shall have the right to discuss with the accountant compiling such information the contents thereof and to ask for such additional information as it may reasonably require.

(c) Every officer, agent or employee of the Issuer having custody or control of any of the Revenues or of the proceeds of the Series 2008 Bonds shall be bonded by a responsible corporate surety in an amount not less than twice the annual debt service on all Bonds issued under the Indenture, plus the annual debt service of the Series 2008 Bonds. The premiums on such surety bonds shall not be an Operation and Maintenance Expense of the System.

(d) The Issuer shall commence and complete the acquisition and construction of the Series 2008 Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

(e) The Issuer may consolidate the bills submitted for culinary water service with those submitted for secondary water service for those persons who are liable for the payment of charges for such services and require that each such consolidated bill be paid in full as a unit, and refuse to permit payment of one

portion without payment of the remainder. Any bill not paid within thirty (30) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any water bill remains delinquent for more than sixty (60) days, it will initiate proceedings to cause all water service to the water user concerned to be cut off immediately.

(f) The Issuer will maintain its corporate identity, will make no attempt to cause its corporate existence to be abolished and will resist all attempts by other municipal corporations to annex all or any part of the territory now or hereafter in the Issuer or served by the System.

(g) The Issuer shall commence and complete the acquisition and construction of the Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

(h) The Issuer will, upon request, provide a copy of the Trustee's annual accounting required by Section 7.13 of the General Indenture to the Water Quality Board.

(i) The Issuer agrees, in accepting the proceeds of the Series 2008 Bonds, to comply with all applicable state and federal regulations related to the Utah State Revolving Fund administered by the Water Quality Board. These requirements include, but are not limited to, Title VI of the Clean Water Act of 1987, the Single Audit Act of 1996, the Utah Wastewater Loan Program Policies and Guidelines, the Local Government Bonding Act, the Utah Money Management Act, the Utah Procurement Code, and the State of Utah Legal Compliance Audit Guide.

Section 3.2 No Additional Priority Bonds. No additional indebtedness, bonds, or notes of the Issuer payable on a priority to the pledge of Net Revenues for the payment of the Bonds issued under the General Indenture, including the Series 2008 Bonds, shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds.

ARTICLE IV

APPLICATION OF PROCEEDS AND FUNDS AND ACCOUNTS

Section 4.1 Application of Proceeds of the Series 2008 Bonds. The Issuer shall deposit with the Trustee the proceeds of the Series 2008 Bonds when advanced pursuant to Section 3.2 herein, and the Trustee shall deposit said proceeds into the Series 2008 Acquisition/Construction Account held by the Trustee under the General Indenture.

Section 4.2 Series 2008 Acquisition/Construction Account. Disbursements of moneys in the Series 2008 Acquisition/Construction Account shall be made in accordance with the terms of Section 3.1 of the General Indenture. Each requisition from said Series 2008 Acquisition/Construction Account shall be approved by a qualified representative of the Water Quality Board, provided, however, that the Costs of Issuance shall be paid by the Trustee from the Series 2008 Acquisition/Construction Account upon receipt from the Issuer of an executed Cost of Issuance Disbursement Request in substantially the form of Exhibit D attached hereto

Section 4.3 Series 2008 Debt Service Reserve Account.

From and after the delivery date of the Series 2008 Bonds, the Issuer shall allocate in no more than ten equal annual installments, on or before the tenth day of each month, beginning November 15, 2008, to the Series 2008 Debt Service Reserve Account within the Debt Service Reserve Fund an amount equal to \$3,078, plus such additional amount as may be required to meet any monthly installment to said Account which has not been previously paid in whole or in part, until there shall have been accumulated therein an amount equal to \$369,343, the Debt Service Reserve Requirement with respect to the Series 2008 Bonds. The moneys on deposit in the Series 2008 Debt Service Reserve Account shall be used and when used, replenished, in accordance with the provisions of the General Indenture.

Section 4.4 Cost of Issuance Fund.

Section 4.5 Repair and Replacement Fund. There shall be established hereunder the Repair and Replacement Fund provided for in Sections 3.8 and 4.7 of the General Indenture. On or before the tenth day of each month, beginning the month following delivery of the Series 2008 Bonds, the Issuer shall pay to the Trustee for deposit into the Repair and Replacement Fund the sum of \$1,539, and such payments shall continue until there shall have been accumulated in the Repair and Replacement Fund an amount equal to \$184,672 (the "Repair and Replacement Requirement").

ARTICLE V

MISCELLANEOUS

Section 5.1 Confirmation of Sale of Series 2008 Bonds. The sale of the Series 2008 Bonds to the Water Quality Board at a price of \$6,665,000 is hereby ratified, confirmed, and approved.

Section 5.2 Severability. If any provision of this Second Supplemental Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or sections in this Second Supplemental Indenture contained, shall not affect the remaining portions of this Second Supplemental Indenture, or any part thereof.

Section 5.3 Counterparts. This Second Supplemental 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 5.4 Applicable Law. This Second Supplemental indenture shall be governed exclusively by the applicable laws of the State of Utah.

Section 5.5 Effective Date. This Second Supplemental Indenture shall become effective immediately upon execution.

ARTICLE VI

CONFIRMATION OF GENERAL INDENTURE

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

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

EAGLE MOUNTAIN CITY, UTAH

(SEAL)

By: _____
Mayor

COUNTERSIGN:

By: _____
City Recorder

U.S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

EXHIBIT A

DESCRIPTION OF 2008 PROJECT

The acquisition and construction of improvements and additions to the Issuer's existing water and sewer system, including the construction of a new wastewater treatment plant and related improvements.

EXHIBIT B

FORM OF STATE BONDS—SERIES 2008 BOND

UNITED STATES OF AMERICA
STATE OF UTAH
EAGLE MOUNTAIN CITY
WATER AND SEWER REVENUE BOND, SERIES 2008

Number R - 1 \$ _____

Interest Rate Maturity Date Original Issue Date

Registered Owner: _____

Principal Amount: _____

Eagle Mountain City, Utah ("Issuer"), a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah, for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner named above or registered assigns, out of the special fund hereinbelow designated and not otherwise, the Principal Amount specified above in installments set forth herein with interest thereon until paid at the Interest Rate per annum specified above, payable annually on November 15 of each year with two interest only payments commencing November 15, 2008, until said Principal Amount is paid in full. Principal and premium, if any, shall be payable upon surrender of this Bond at the principal offices of U.S. Bank National Association, 170 South Main Street, 2nd Floor, Salt Lake City, Utah ("Trustee" and "Paying Agent"), or its successors provided, however, that as long as the State of Utah Department of Environmental Quality Water Quality Board ("Water Quality Board") is the registered holder of this Bond, installment payments of principal and interest shall be made without presentation of the Bond by check or draft mailed to the Water Quality Board as the Registered Owner at the address shown on the registration books maintained by the Registrar. Interest on this Bond shall be payable by check or draft mailed to the Registered Owner hereof at his address as it appears on the registration books of the Paying Agent, who shall also act as the Registrar for the Issuer, or at such other address as is furnished to the Paying Agent in writing by such Registered Owner. Interest hereon shall be deemed to be paid by the Paying Agent when mailed. Both principal and interest shall be payable in lawful money of the United States of America. Principal shall be payable in registered installments on November 15 of each of the years as set forth in the following repayment schedule:

| <u>Maturity</u> <u>(November 15)</u> | <u>Principal Amount</u> | <u>Maturity</u> <u>(November 15)</u> | <u>Principal Amount</u> |
|---|-------------------------|---|-------------------------|
| 2008 | Interest only | 2019 | \$250,000 |
| 2009 | Interest only | 2020 | 280,000 |
| 2010 | \$35,000 | 2021 | 315,000 |
| 2011 | 60,000 | 2022 | 350,000 |
| 2012 | 72,000 | 2023 | 370,000 |
| 2013 | 80,000 | 2024 | 400,000 |
| 2014 | 107,000 | 2025 | 435,000 |
| 2015 | 133,000 | 2026 | 470,000 |
| 2016 | 160,000 | 2027 | 500,000 |
| 2017 | 190,000 | 2028 | 540,000 |
| 2018 | 220,000 | 2029 | 650,000 |

If less than \$6,665,000 is advanced on the Series 2008 Bonds, the repayment period shall be shortened and the number of annual principal installments shall be reduced in inverse order of payment (and the amount of the final remaining principal payment shall be reduced, if required) to correspond to the maximum principal amount of the Series 2008 Bonds.

If any installment payment of Bond principal and interest is not paid when due and payable, the Issuer shall pay interest at the rate of eighteen percent (18%) per annum on the delinquent installment from said due date until paid. All payments shall be made in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America.

This Bond is payable solely from a special fund designated the "Bond Fund" established under a General Indenture of Trust dated July 1, 2007 (the "General Indenture") by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). To the extent necessary to assure prompt payment of this Bond, the Issuer shall pledge 100% of the Net Revenues (as defined in the Indenture herein described) in the Bond Fund derived and to be derived from the operation of the Issuer's water and sewer systems (collectively, the "System"), all as more fully described and provided in the General Indenture, as supplemented by a Second Supplemental Indenture dated as of July 1, 2008 (the "Second Supplemental Indenture"), by and between the Issuer and the Trustee approved by the City Council of the Issuer on July ____, 2008 (the General Indenture as previously amended and as further amended in the Second Supplemental Indenture are collectively referred to herein as the "Indenture").

This Bond is issued pursuant to (1) the Indenture and (2) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated, 1953, as amended (the "Act") for the purpose of providing funds to (a) finance a portion of the 2008 Project as defined in the General Indenture, and (b) pay costs incurred in connection with the issuance of the Series 2008 Bonds. This Bond is a special limited obligation of the Issuer payable solely from the Net Revenues (as defined in the Indenture) of the System and does not constitute an indebtedness of the Issuer within the meaning of any state

constitutional or statutory limitation. In no event shall this Bond be deemed or construed to be a general obligation indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the Indenture, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the Indenture on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Indenture.

The issuance of this Bond shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for its payment.

This Bond is subject to prepayment and redemption at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in inverse order of the due date of the principal installments hereof and by lot selected by the Issuer if less than all Bonds of a particular due date are to be redeemed, upon notice given as hereinafter set forth, at a redemption price equal to the principal amount to be so prepaid.

The Series 2008 Bonds shall be subject to special mandatory redemption in part, at a redemption price equal to 100% of the principal amount of Series 2008 Bonds to be redeemed plus interest to the date of redemption on the following dates and in the following principal amounts.

| Redemption Date (<u>November 15</u>) | <u>Principal Amounts</u> (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area*, pursuant to Ordinance No. _____) |
|---|--|
| 2010 | \$45,000 |
| 2011 | 45,000 |
| 2012 | 45,000 |
| 2013 | 50,000 |
| 2014 | 50,000 |
| 2015 | 50,000 |
| 2016 | 55,000 |
| 2017 | 55,000 |
| 2018 | 55,000 |
| 2019 | 60,000 |
| 2020 | 60,000 |
| 2021 | 60,000 |

* The South Service Area consists of [to be completed by the City].

| Redemption Date (November 15) | <u>Principal Amounts</u> (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area*, pursuant to Ordinance No. _____) |
|----------------------------------|--|
| 2022 | 60,000 |
| 2023 | 60,000 |
| 2024 | 60,000 |
| 2025 | 60,000 |
| 2026 | 60,000 |
| 2027 | 60,000 |
| 2028 | 60,000 |

Notice of redemption shall be mailed by the Trustee, postage prepaid, not less than thirty (30) days prior to the date fixed for prepayment, to the registered owner of this Bond addressed to such owner at its address appearing on the registration books maintained by the Trustee.

Subject to the provisions of the Indenture, the Bonds are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 and any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for water and sewer service sufficient to pay when due this Bond and the principal and interest on all bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the Indenture) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the Indenture) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds issued on a parity with this Bond, if any.

To the extent and in the respects permitted by the Indenture, the Indenture may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Indenture. The holder or owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Bond shall be registered in the name of the initial purchaser and any subsequent purchasers in an appropriate book in the office of the Trustee, who shall be the Registrar. This Bond is transferable only by notation upon said book by the registered owner hereof in person or by his attorney duly authorized in writing, by the surrender of this Bond, together with a written instrument of transfer satisfactory to the Issuer, duly executed by the registered owner or his attorney duly authorized in writing; thereupon, this Bond shall be delivered to and registered in the name of the transferee.

It is hereby declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in regular and due time, form and manner as required by law, that the amount of this Bond does not exceed any limitation prescribed by the Constitution or statutes of the State of Utah, that the Net Revenues (as defined in the Indenture) to be derived from the operation of the System have been pledged and that an amount therefrom will be set aside into a special fund by the Issuer sufficient for the prompt payment of this Bond, and all bonds and notes issued on a parity with this Bond, if any, and that said Net Revenues are not pledged, hypothecated or anticipated in any way other than by the issue of this Bond and all bonds and notes issued on a parity with this Bond, if any.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication on this Bond shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of this _____, 2008.

EAGLE MOUNTAIN CITY, UTAH

(SEAL)

By: _____ (Do Not Sign)
Mayor

COUNTERSIGN:

By: _____ (Do Not Sign)
City Recorder

CERTIFICATE OF AUTHENTICATION

This Bond is the Series 2008 Bond described in the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Date of Authentication:

REGISTRATION CERTIFICATE

(No writing to be placed herein except by the Bond Registrar)

| <u>Date of Registration</u> | <u>Name of Registered Owner</u> | <u>Signature of Bond Registrar</u> |
|-----------------------------|--|--|
| _____ | State of Utah Department of Environmental Quality, Water Quality Board | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

CERTIFICATE OF DATES OF PAYMENT AND AMOUNT

The undersigned authorized representative of the State of Utah Department of Environmental Quality, Water Quality Board (the "Board"), hereby certifies that the Board has received written authorization from the Treasurer of the Issuer to stamp or write the amount or amounts indicated below on the date or dates set forth opposite such amount(s); that the amount last inserted under the column "Total Principal Sum" is the total amount received by the issuer for the issuance of this Bond, and that the undersigned has placed his/her signature in the space provided opposite such amount(s) to evidence the same. A copy of this certificate shall be forwarded to the Trustee (U.S. Bank National Association) pursuant to the requirement in Section 32 of the Second Supplemental Indenture dated as of July 1, 2008.

| <u>Amount of Payment</u> | <u>Date of Payment</u> | <u>Total Principal Sum</u> | <u>Board Representative Signature</u> |
|------------------------------|----------------------------|--------------------------------|---------------------------------------|
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |
| \$ _____ | _____ | \$ _____ | _____ |

indebtedness of the Issuer or payable from any funds of the Issuer other than the Revenues of the System.

As provided in the Indenture, bonds, notes and other obligations may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such bonds, notes and other obligations which may be issued is not limited. This Bond and all other bonds, notes and other obligations issued and to be issued under the Indenture on a parity with this Bond are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Indenture.

The issuance of this Bond shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for its payment.

The Bonds are subject to redemption prior to maturity at any time, in whole or in part (if in part, in integral multiples of \$1,000), at the election of the Issuer in inverse order of maturity and by lot within each maturity if less than the full amount is redeemed, upon not less than thirty (30) days' nor more than forty-five (45) days' prior notice, at a redemption price equal to 100% of the principal amount of each Bond to be redeemed. Notice of redemption shall be mailed by the Issuer, postage prepaid, to the registered owners of said Bonds addressed to such owners at their address appearing on the registration books maintained by the Issuer.

The Series 2008 Bonds shall be subject to special mandatory redemption in part, at a redemption price equal to 100% of the principal amount of Series 2008 Bonds to be redeemed plus interest to the date of redemption on the following dates and in the following principal amounts.

| Redemption Date (November 15) | <u>Principal Amounts</u> (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area*, pursuant to Ordinance No. _____) |
|----------------------------------|--|
| 2010 | \$45,000 |
| 2011 | 45,000 |
| 2012 | 45,000 |
| 2013 | 50,000 |
| 2014 | 50,000 |
| 2015 | 50,000 |
| 2016 | 55,000 |
| 2017 | 55,000 |
| 2018 | 55,000 |
| 2019 | 60,000 |

* The South Service Area consists of [to be completed by the City].

| Redemption Date (November 15) | <u>Principal Amounts</u> (the greater of (i) the following amounts or (ii) one-half of all sewer impact fees collected by the Issuer in the South Service Area*, pursuant to Ordinance No. _____) |
|----------------------------------|--|
| 2020 | 60,000 |
| 2021 | 60,000 |
| 2022 | 60,000 |
| 2023 | 60,000 |
| 2024 | 60,000 |
| 2025 | 60,000 |
| 2026 | 60,000 |
| 2027 | 60,000 |
| 2028 | 60,000 |

Subject to the provisions of the Indenture, the Series 2008 Bonds are issuable in fully registered form, without coupons, in denomination equal to the principal amount of the bonds or, upon exchange, in the denomination of \$1,000 or any integral multiple thereof.

The Issuer covenants and agrees that it will fix rates for water service sufficient to pay this Bond when due, and principal and interest on all bonds and Bonds issued on a priority to or parity with this Bond, if any, as the same fall due, provided such rates must be reasonable rates for the type, kind and character of the service rendered, and will collect and account for the Revenues (as defined in the Indenture) to be received for such service, and will set aside one hundred percent (100%) of the Net Revenues of the System (as defined in the Indenture) to pay this Bond according to the payment terms hereinabove set forth and the principal and interest on all bonds and notes issued on a parity with this Bond, if any.

To the extent and in the respects permitted by the Indenture, the Indenture may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed in the Indenture. The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

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

It is hereby certified, recited and declared that all conditions, acts and things essential to the validity of this Bond and the issue of which it forms a part do exist, have

happened and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that this Bond and the issue of which it forms a part does not exceed any limitation prescribed by the Constitution and laws of the State of Utah; that one hundred percent (100%) of the Net Revenues to be derived from the operation of the System, including any future improvements, additions and extensions thereto, have been pledged and will be set aside into said special fund by the Issuer to be used for the payment of this Bond and the issue of which it forms a part, and all bonds and notes issued on a parity with this Bond, if any, and that said Net Revenues of the System are not pledged, hypothecated or anticipated in any way other than by the issue of Series 2008 Bonds of which this Bond is one and all bonds and notes issued on a parity with this Bond, if any.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication on this Bond shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed by its Mayor and countersigned by its City Recorder with the seal of said Issuer affixed, all as of _____, 2008.

(SEAL)

By: /s/(manual or facsimile signature)
Mayor

COUNTERSIGN:

By: /s/(manual or facsimile signature)
City Recorder

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 2008 Bonds described in the within mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

Date of Authentication:

REGISTRATION CERTIFICATE

(No writing to be placed herein except by the Bond Registrar)

This Bond shall be payable only to the order of the registered owner or his legal representative.

| <u>Date of Registration</u> | <u>Name of Registered Owner</u> | <u>Signature of Bond Registrar</u> |
|-----------------------------|---------------------------------|--|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

ASSIGNMENT

FOR VALUE RECEIVED, _____, the undersigned sells, assigns, and transfers unto:

(Social Security or Other Identifying Number of Assignee)

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature: _____

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

Signature Guaranteed:

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

EXHIBIT D

COST OF ISSUANCE DISBURSEMENT REQUEST
SERIES 2008 BONDS

U.S. Bank National Association
170 South Main Street, Suite 200
Salt Lake City UT 84101

Pursuant to Section 4.4 of the Second Supplemental Indenture of Trust dated as of July 1, 2008, you are hereby authorized to pay to the following costs of issuance from the Cost of Issuance Fund:

[See Attached Schedule]

MAYOR,
EAGLE MOUNTAIN CITY, UTAH

STATE OF UTAH DEPARTMENT OF
ENVIRONMENTAL QUALITY, WATER
QUALITY BOARD

COSTS OF ISSUANCE

Payee

Purpose

Amount

