

97-36

(RESCINDING RES. 97-36 DEC. 9, 1997)

NOTICE OF SPECIAL MEETING

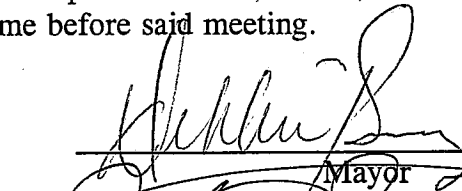
TO THE MEMBERS OF THE TOWN COUNCIL OF THE TOWN OF EAGLE MOUNTAIN, COUNTY OF UTAH, STATE OF UTAH:

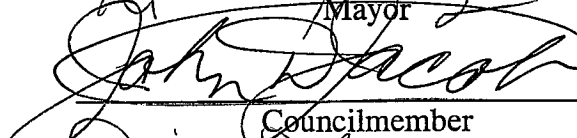
NOTICE IS HEREBY GIVEN that a special meeting of the Town Council of the Town of Eagle Mountain, Utah County, Utah, will be held at 130 South Main, Suite H in Lehi, Utah at 7:00 p.m. on Tuesday, the 16th day of December, 1997, for the purpose of adopting a resolution authorizing the issuance and sale of \$2,195,000 Special Assessment Bonds, Series 1997, and for the transaction of such other business incidental to the foregoing as may come before said meeting.

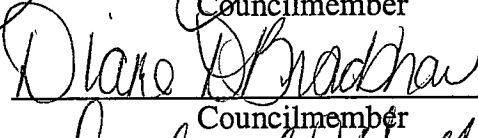

Town Clerk

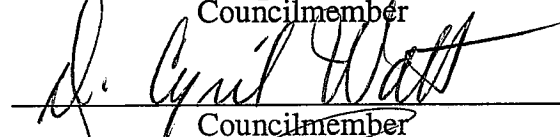
ACKNOWLEDGMENT OF NOTICE AND CONSENT TO SPECIAL MEETING

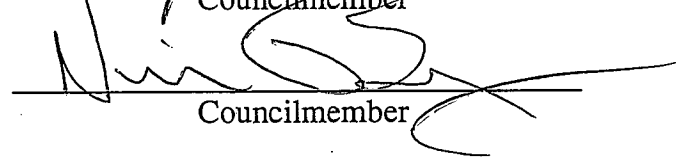
We, the Mayor and members of the Town Council of the Town of Eagle Mountain, Utah County, Utah, do hereby acknowledge receipt of the foregoing Notice of Special Meeting, and we hereby waive any and all irregularities, if any, in such notice and in the manner of service thereof upon us and consent and agree to the holding of such special meeting at the time and place specified in said notice, and to the transaction of any and all business which may come before said meeting.


Mayor


Councilmember


Councilmember


Councilmember


Councilmember

Eagle Mountain, Utah

December 16, 1997

The Town Council of the Town of Eagle Mountain, Utah County, Utah, met in special session at 130 South Main, Suite H, in Lehi, Utah at 7:00p.m. on Tuesday, the 16th day of December, 1997, with the following members present:

| | |
|----------------|---------------|
| Debbie Hooge | Mayor |
| Nick Berg | Councilmember |
| Diane Bradshaw | Councilmember |
| John Jacob | Councilmember |
| Cyril Watt | Councilmember |

Also present:

| | |
|-----------------|--------------|
| Dave Conine | Town Manager |
| Janet Valentine | Town Clerk |

Absent:

After the meeting had been duly called to order and the minutes of the preceding meeting read and approved, and after other matters not pertinent to this resolution had been discussed, the Town Clerk presented to the Town Council a Certificate of Compliance With Open Meeting Law with respect to this December 16, 1997 meeting, a copy of which is attached hereto as Exhibit "A".

Councilmember Diane Bradshaw then introduced and moved the adoption of the following resolution:

RESOLUTION 97-36

A RESOLUTION RESCINDING THE BOND RESOLUTION ADOPTED ON DECEMBER 9, 1997 WHICH AUTHORIZED THE ISSUANCE AND SALE OF ASSESSMENT BONDS WITH RESPECT TO EAGLE MOUNTAIN, UTAH SPECIAL IMPROVEMENT DISTRICT NO. 97-1; AUTHORIZING THE ISSUANCE AND PROVIDING FOR THE SALE OF \$2,195,000 TOWN OF EAGLE MOUNTAIN, UTAH SPECIAL ASSESSMENT BONDS, SERIES 1997 (EAGLE MOUNTAIN, UTAH SPECIAL IMPROVEMENT DISTRICT NO. 97-1) (THE "BONDS"), FIXING THE INTEREST RATES TO BE BORNE THEREBY, PRESCRIBING THE FORM OF BOND AND INTEREST RATES, MATURITY AND DENOMINATION OF SAID BONDS; CREATING A DEBT SERVICE RESERVE FUND AS PROVIDED BY STATUTE; AND RELATED MATTERS.

WHEREAS, the Town Council of the Town of Eagle Mountain, Utah (the "Issuer"), has heretofore adopted proceedings for the construction of improvements in Eagle Mountain, Utah, Special Improvement District No. 97-1 (the "District"), and has adopted and approved an Assessment Ordinance for the District confirming the assessment roll for such improvements on the 13th day of November, 1997 (the "Assessment Ordinance"); and

WHEREAS, the Assessment Ordinance has been published in accordance with the requirements of the laws of the State of Utah, and notice of assessment has been mailed by the City Treasurer to all the owners of property assessed in the District; and

WHEREAS, the total cost of the improvements was \$2,220,000, of which the Issuer's portion was \$0, that property owners in the District have paid or have committed to pay \$24,274.38 on the principal of their assessments, leaving an amount to be paid through the issuance of bonds or from funds provided by the Issuer of \$2,195,725.62;

WHEREAS, the Issuer adopted a bond resolution on December 9, 1997 (the "December 9, 1997 Resolution") wherein it authorized the issuance and sale of assessment bonds with respect to the District; and

WHEREAS, as a result of preliminarily marketing said assessment bonds, Seattle-Northwest Securities Corporation of Seattle, Washington (the "Underwriter") has advised the Issuer that certain terms of the bonds be revised from those set forth in the December 9, 1997 Resolution; and

WHEREAS, the Issuer desires to rescind the December 9, 1997 Resolution; and

WHEREAS, the Underwriter has submitted to the Issuer its offer to purchase Special Assessment Bonds, Series 1997 (Eagle Mountain, Utah Special Improvement District No. 97-1) in the total principal amount of \$2,195,000 (the "Bonds") upon the

terms and conditions set forth in a Bond Purchase Agreement, a copy of which is attached hereto as Exhibit "B" (the "Purchase Agreement"); and

WHEREAS, the Town Council has determined that it is in the best interest of the Issuer to accept the offer of the Underwriter and to award the sale of the Bonds to the Underwriter:

NOW, THEREFORE, Be It Resolved by the Town Council of the Town of Eagle Mountain, Utah:

ARTICLE I

RESCISSION; DEFINITIONS; AUTHORITY

1.1. Rescission of December 9, 1997 Resolution. The Town Council of the Issuer hereby rescinds the December 9, 1997 Resolution and adopts this Bond Resolution as a substitute resolution thereof.

1.2. Definitions. As used in this Bond Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

"Act" means the Utah Municipal Improvement District Act, Title 17A, Chapter 3, Part 3, Utah Code Annotated 1953, as amended.

"Annual Debt Service Requirement" means the total principal, interest, and premium payments due and payable on the Bonds for any one Bond Fund Year, less capitalized interest.

"Assessment Ordinance" means the assessment ordinance of the Issuer adopted on November 13, 1997, wherein the Issuer has assessed the owners of property which has been benefited by the improvements constructed within the District.

"Average Annual Debt Service Requirement" means the sum of all Annual Debt Service Requirements of the Bonds, divided by the total number of Bond Fund Years.

"Bond Fund Year" means the 12-month period beginning July 1 of each year and ending June 30 of the following year, except that the first Bond Fund Year shall begin on the date of delivery of the Bonds and shall end on June 30 of the following year.

"Bond Registrar" means each Person appointed by the Issuer as bond registrar and agent for the transfer, exchange and authentication of the Bonds. Pursuant to Section 2.5 hereof the initial Bond Registrar is U.S. Bank National Association, Corporate Trust Department, 107 South Main Street, Salt Lake City, Utah 84110, or its successors.

"Bond Resolution" means this Resolution of the Issuer adopted on December 16, 1997, authorizing the issuance and sale of the Bonds.

"Bondholder" or "Holder" means the registered owner of any Bond as shown in the registration books of the Issuer kept by the Bond Registrar for such purpose.

"Bonds" means the \$2,195,000 Town of Eagle Mountain, Utah Special Assessment Bonds, Series 1997 (Eagle Mountain, Utah Special Improvement District No. 97-1) of the Issuer authorized by this Bond Resolution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Dated Date" means December 15, 1997.

"Debt Service Reserve Fund" means the Eagle Mountain, Utah Special Improvement District No. 97-1 Debt Service Reserve Fund established pursuant to Section 10 of the Assessment Ordinance and Section 4.5 herein.

"District" means the Eagle Mountain, Utah Special Improvement District No. 97-1.

"Financial Advisor" means Lewis Young Robertson & Burningham Inc., 136 East South Temple, Suite 100, Salt Lake City, Utah 84111.

"Issuer" means the Town of Eagle Mountain, Utah County, Utah.

"Paying Agent" means each Person appointed by the Issuer as paying agent with respect to the Bonds. Pursuant to Section 2.5 hereof the initial Paying Agent is U.S. Bank National Association, Corporate Trust Department, 107 South Main Street, Salt Lake City, Utah 84110, or its successors or assigns.

"Person" means natural persons, firms, partnerships, associations, corporations, trusts, public bodies and other entities.

"Purchase Agreement" means the Bond Purchase Agreement dated December 11, 1997, wherein the Underwriter offers to purchase the Bonds from the Issuer and the Issuer agrees to sell the Bonds to the Underwriter upon certain terms contained therein.

"Qualified Investments" means any investments authorized under the Utah State Money Management Act.

"Rebate Calculation Date" means December 15, 2002, December 15, 2007 or any earlier date on which all of the Bonds are redeemed.

"Rebate Fund" means the fund of that name established pursuant to Section 4.14(a) hereof.

"Rebatable Arbitrage" means that amount of rebate determined pursuant to Section 148(f)(2) of the Code.

"Record Date" means (a) in the case of each interest payment date, the Bond Registrar's close of business on the fifteenth day immediately preceding such interest payment date, and (b) in the case of each redemption, such record date as shall be specified by the Bond Registrar in the notice of redemption required by Section 2.6 hereof, provided that such record date shall be not less than 15 calendar days before the mailing of such notice of redemption.

"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 thereafter.

"Required Rebate Deposit" means the amount due to the Internal Revenue Service no later than 60 days after each Rebate Calculation Date pursuant to Section 148(f)(3) of the Code.

"Reserve Fund Requirement" means \$219,500.

"Underwriter" means Seattle-Northwest Securities Corporation, Seattle, Washington.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms as used in this Bond Resolution, refer to this Bond Resolution.

1.3. Authority for Bond Resolution. This Bond Resolution is adopted pursuant to the provisions of the Act.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF BONDS

2.1. Authorization of Bonds, Principal Amount Designation and Series. In accordance with and subject to the terms, conditions and limitations established in this Bond Resolution, a series of Special Assessment Bonds of the Issuer is hereby authorized to be issued in the aggregate principal amount of \$2,195,000. Such series of bonds shall be designated "Town of Eagle Mountain, Utah Special Assessment Bonds, Series 1997 (Eagle Mountain, Utah Special Improvement District No. 97-1)." The Bonds shall be issued in fully registered form only, without coupons.

2.2. Purpose. The Bonds are hereby authorized to be issued for the purpose of (a) financing the acquisition and construction costs of improvements on certain roads within the Issuer consisting of road paving, concrete curb planter median and related improvements, (b) funding the Debt Service Reserve Fund, and (c) paying issuance expenses incurred in connection with the issuance of the Bonds.

2.3. Bond Details. The Bonds will fall due on December 15 in the years and amounts and shall bear interest as follows:

| <u>Maturity Date</u> <u>(December 15)</u> | <u>Amount</u> | <u>Interest</u> |
|--|---------------|-----------------|
| 1998 | \$ 172,000 | 4.75% |
| 1999 | \$ 180,000 | 5.00% |
| 2000 | \$ 189,000 | 5.15% |
| 2001 | \$ 199,000 | 5.25% |
| 2007 | \$1,455,000 | 5.90% |

The Bonds shall bear interest payable annually on December 15 of each year beginning December 15, 1998 and shall be paid by check or draft mailed to the registered owners of record of the Bonds.

Each Bond shall accrue interest from the interest payment date next preceding the date on which it is authenticated, unless (a) it is authenticated before the first interest payment date following the initial delivery of Bonds, in which case interest shall accrue from the Dated Date of the Bonds, or (b) if any Bond is authenticated on an interest payment date, in which case interest shall accrue from such interest payment date; provided that if at the time of authentication of any Bond, interest is in default, such Bond shall accrue interest from the date to which interest has been paid. The Bonds shall bear interest on overdue principal at the aforesaid respective rates.

2.4. Denominations and Numbers. Subject to the provisions of Section 2.1 hereof, the Bonds shall be issued as fully registered bonds, without coupons, in the

denomination of \$1,000, or any integral multiples thereof, not exceeding the amount of each maturity. The Bonds shall be numbered with the letter prefix "R" and shall be numbered from one (1) consecutively upwards in order of issuance.

2.5. Paying Agent and Bond Registrar. The Issuer may remove any Paying Agent and any Bond Registrar, and appoint a successor or successors thereto. The Issuer shall submit to the Paying Agent or Bond Registrar, as the case may be, a notice of such removal at least 30 days prior to the effective date of such removal, and shall specify the date on which such removal shall take effect. Such removal shall take effect on the date that each successor Paying Agent and Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by the Bond Resolution by executing and delivering to the Issuer a written acceptance thereof. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Principal of and premium, if any, on the Bonds shall be payable when due to the Holder of each Bond upon surrender thereof at the principal office of the Paying Agent. Payment of interest on each Bond shall be made to the person which, as of the Record Date, is the Holder of the Bond and shall be made by check or draft mailed to the Person which, as of the Record Date, is the Holder of the Bond, at the address of such Holder as it appears on the registration books of the Issuer kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such Holder on or prior to the Record Date.

2.6. Redemption.

(a) Optional Redemption. The Bonds are subject to optional redemption at the election of the Issuer in whole or in part (and, if in part, on a pro rata basis among maturities, including mandatory sinking fund redemption dates, to the extent feasible as selected by the Bond Registrar) on any business day, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

(b) Mandatory Sinking Fund Redemption. The Bonds maturing on December 15, 2007 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date on the dates and in the principal amounts as follows:

| <u>Redemption Date</u> | <u>Principal Amount</u> |
|----------------------------|-----------------------------|
| December 15, 2002 | \$209,000 |
| December 15, 2003 | \$221,000 |
| December 15, 2004 | \$235,000 |
| December 15, 2005 | \$248,000 |
| December 15, 2006 | \$263,000 |
| December 15, 2007 | \$279,000 |

Upon redemption of any Bonds maturing on December 15, 2007 other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such Mandatory Sinking Fund Redemption amounts for the Bonds maturing on December 15, 2007 on a pro rata basis to the extent feasible.

If fewer than all of the Bonds of any maturity are to be so redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed shall be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered Bond of a denomination of more than \$1,000 to be redeemed will be in the principal amount of \$1,000 or an integral multiple thereof, and in selecting portions of such Bonds for redemption the Bond Registrar will treat each such Bond as representing that number of Bonds of \$1,000 denomination which is obtained by dividing the principal amount of such Bonds by \$1,000.

Notice of redemption shall be given by the Bond Registrar by registered or certified mail, not less than thirty nor more than forty-five days prior to the redemption date, to the Holder, as of the Record Date, of each Bond which is subject to redemption, at the address of such Holder as it appears on the registration books of the Issuer kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such Holder on or prior to the Record Date. Each notice of redemption shall state the Record Date, the redemption date, the place of redemption, the principal amount and, if less than all, the distinctive numbers of the Bonds or portions of Bonds to be redeemed, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal of, interest accrued thereon to the redemption date, and premium, if any. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondholder receives such notice. Failure to give such notice or any defect therein with respect to any Bond shall not affect the validity of the proceedings for redemption with respect to any other Bond.

2.7. Sale of Bonds.

(a) The Bonds are hereby sold to the Underwriter at an aggregate price to be set forth in the Purchase Agreement plus accrued interest on the Bonds from December 15, 1997, to the date of delivery of and payment for the Bonds, on the terms and conditions set forth in the Purchase Agreement and upon the basis of the representations therein set forth. The execution and delivery of the Purchase Agreement by the Mayor is hereby ratified and reconfirmed.

(b) The final form of Official Statement of the Issuer in substantially the form attached hereto as Exhibit "C", with such changes, insertions and revisions as the Mayor of the Issuer shall approve, is hereby authorized and the Mayor of the Issuer shall execute and deliver such final Official Statement to the Underwriter for distribution to prospective purchasers of the Bonds and other interested persons. The approval of the Mayor of the Issuer of any such changes, omissions, insertions and revisions shall be conclusively established by said Mayor's execution of the final Official Statement.

2.8. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the Mayor of the Issuer and attested by the Town Clerk of the Issuer (the signatures of said Mayor and Town Clerk being either manual and/or by facsimile) and the corporate seal of the Issuer or a facsimile thereof shall be impressed or imprinted thereon. The use of such facsimile signatures of said Mayor and Town Clerk and such facsimile of the seal of the Issuer on the Bonds are hereby authorized, approved and adopted by the Issuer as the authorized and authentic execution, attestation and sealing of the Bonds by said officials. The Bonds shall then be delivered to the Bond Registrar for manual authentication by it. The Certificate of Authentication shall be substantially in the form provided in Section 5.1 hereof. Only such of the Bonds as shall bear thereon a Certificate of Authentication, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Bond Resolution, and such certificate of the Bond Registrar shall be conclusive evidence that the Bonds so certified have been duly registered and delivered under, and are entitled to the benefits of, this Bond Resolution and that the Holder thereof is entitled to the benefits of this Bond Resolution. The Certificate of Authentication of the Bond Registrar on any Bond shall be deemed to have been executed by it if (a) such Bond is signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds issued hereunder or that all of the Bonds hereunder be certified as registered by the same Bond Registrar, and (b) the date of authentication of the Bond is inserted in the place provided therefor on the Certificate of Authentication.

The Mayor and Town Clerk of the Issuer are authorized to execute, attest and seal from time to time, in the manner described above, Bonds (the "Exchange Bonds") to be issued and delivered for the purpose of effecting transfers and exchanges of Bonds pursuant to Article III hereof. At the time of the execution, attestation and sealing of the Exchange Bonds by the Issuer, the payee, principal amount, CUSIP number, if any,

maturity and interest rate shall be in blank. Upon any transfer or exchange of Bonds pursuant to Article III hereof, the Bond Registrar shall cause to be inserted in appropriate Exchange Bonds the appropriate payee, principal amount, maturity and interest rate. The Bond Registrar is hereby authorized and directed to hold the Exchange Bonds, and to complete, certify as to registration and authenticate (if applicable) and deliver the Exchange Bonds, for the purpose of effecting transfers and exchanges of Bonds; provided that any Exchange Bonds registered, authenticated (if applicable) and delivered by the Bond Registrar shall bear the same series, maturity and interest rate as Bonds delivered to the Bond Registrar for exchange or transfer, and shall bear the name of such payee as the Bondholder requesting an exchange or transfer shall designate; and provided further that upon the delivery of any Exchange Bonds by the Bond Registrar a like principal amount of Bonds submitted for transfer or exchange; and of like series and having like maturities and interest rates, shall be canceled. The execution, attestation and sealing by the Issuer and delivery to the Bond Registrar of any Exchange Bond shall constitute full and due authorization of such Bond containing such payee, principal amount, maturity and interest rate as the Bond Registrar shall cause to be inserted, and the Bond Registrar shall thereby be authorized to authenticate and deliver such Exchange Bond in accordance with the provisions hereof.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bond (including any Exchange Bond) shall cease to be such officer before the issuance or delivery of such Bond, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until such issuance or delivery, respectively.

2.9. Book-Entry System.

(a) Except as provided in Paragraphs (b) and (c) of this Section 2.9, the registered holder of the Bonds shall be, and the Bonds shall be registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company, New York, New York (together with any substitute securities depository appointed pursuant to Paragraph (c)(ii) of this Section 2.9, "DTC"). Payment of interest for any Bond, as applicable, shall be made in accordance with the provisions of this Bond Resolution to the account of Cede on the interest payment date for the Bonds at the address indicated for Cede in the registration books of the Bond Registrar.

(b) The Bonds shall be initially issued in the form of a separate single fully registered Bond in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books of the Issuer kept by the Bond Registrar, in the name of Cede, as nominee of DTC. With respect to Bonds so registered in the name of Cede, the Issuer, the Bond Registrar, and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owners of any of such Bonds. Without limiting the immediately preceding sentence, the Issuer, the Bond Registrar, and any Paying Agent shall have no responsibility or obligation

with respect to (i) the accuracy of the records of DTC, Cede, or any DTC participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any DTC participant, beneficial owner, or other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner, or other person, other than DTC, of any amount with respect to the principal of, or interest on, any of the Bonds. The Issuer, the Bond Registrar, and any Paying Agent may treat DTC as, and deem DTC to be, the absolute owner of each Bond for all purposes whatsoever, including (but not limited to) (1) payment of the principal of, and interest on, each such Bond, (2) giving notices of redemption and other matters with respect to such Bonds, and (3) registering transfers with respect to such Bonds. So long as the Bonds are registered in the name of Cede & Co., the Paying Agent shall pay the principal of, and interest on, all Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to satisfy fully and discharge the Issuer's obligations with respect to such principal, and interest, to the extent of the sum or sums so paid. Except as provided in Paragraph (c) of this Section 2.9, no person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal of, and interest on, any such Bond pursuant to this Bond Resolution. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Bond Resolution, the word "Cede" in this Bond Resolution shall refer to such new nominee of DTC.

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

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

(ii) The Issuer, in its sole discretion and without the consent of any other person, may, by notice to the Bond Registrar, terminate the services of DTC with respect to the Bonds if the Issuer determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the Bonds or the Issuer; and the Issuer shall, by notice to the Bond Registrar, terminate the services of DTC with respect to the Bonds upon receipt by the Issuer, the Bond Registrar, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal

amount of not less than fifty percent (50%) of the aggregate principal amount of the then outstanding Bonds to the effect that: (1) DTC is unable to discharge its responsibilities with respect to the Bonds; or (2) a continuation of the requirement that all of the outstanding Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Bonds.

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

(iv) Notwithstanding any other provision of this Bond Resolution to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the representation letter of the Issuer and the Bond Registrar addressed to DTC with respect to the Bonds.

(v) In connection with any notice or other communication to be provided to Holders of Bonds registered in the name of Cede pursuant to this Bond Resolution by the Issuer or the Bond Registrar with respect to any consent or other action to be taken by such Holders, the Issuer shall establish a record date for such consent or other action by such Holders and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

2.10. Delivery of Bonds. The Bonds shall be delivered to the Underwriter at such time and place as provided in, and subject to, the provisions of the Purchase Agreement. The Treasurer of the Issuer is hereby instructed to make delivery of the Bonds to the Underwriter and to receive payment therefor in accordance with the terms of the Purchase Agreement.

2.11. Further Authority. The Mayor and the Town Clerk of the Issuer and other officers of the Issuer are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale, registration and delivery of the Bonds.

ARTICLE III

TRANSFER AND EXCHANGE OF BONDS; BOND REGISTRAR

3.1. Transfer of Bonds.

(a) Any Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar pursuant to Section 3.5 hereof, 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 Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in 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.

(b) Whenever any Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully registered Bond or Bonds (which may be an Exchange Bond or Bonds pursuant to Section 2.8 hereof) of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Issuer, for a like aggregate principal amount. The Bond Registrar shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. With respect to each Bond, no such transfer shall be required to be made (i) after the Record Date with respect to any interest payment date to and including such interest payment date, or (ii) after the Record Date with respect to any redemption of such Bond.

(c) The Issuer shall not be required to register the transfer of or exchange any Bond selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part. Upon surrender of any Bond redeemed in part only, the Issuer shall execute and the Bond Registrar shall authenticate and deliver to the Bondholder, at the expense of the Issuer, a new Bond or Bonds (which may be an Exchange Bond or Bonds pursuant to Section 2.8 hereof) of the same series, designation, maturity and interest rate and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

3.2. Exchange of Bonds. Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully registered Bonds (which may be an Exchange Bond or Bonds pursuant to Section 2.8 hereof) of the same series, designation, maturity and interest rate of other authorized denominations.

The Bond Registrar shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. With respect to each Bond, no such exchange shall be required to be made (i) after the Record Date with respect to any interest payment date to and including such interest payment date, or (ii) after the Record Date with respect to redemption, if any, of such Bond.

3.3. Bond Registration Books. This Bond Resolution shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953. The Bond Registrar shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Issuer; and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as herein provided.

3.4. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the Holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholders.

3.5. Duties of Bond Registrar. If requested by the Bond Registrar, the Mayor and Town Clerk of the Issuer are authorized to execute the Bond Registrar's standard form of agreement between the Issuer and the Bond Registrar with respect to the compensation, obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent, and transfer agent as provided herein;
- (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the Issuer upon request, but otherwise to keep such list confidential;
- (c) to give notice of redemption of Bonds as provided herein;
- (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- (e) to furnish the Issuer at least annually a certificate with respect to Bonds canceled and/or destroyed; and
- (f) to furnish the Issuer at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

ARTICLE IV

COVENANTS AND UNDERTAKINGS

4.1. Covenants of Issuer. All covenants, statements, representations and agreements contained in the Bonds, and all recitals and representations in this Bond Resolution are hereby considered and understood and it is hereby resolved that all said covenants, statements, representations and agreements of the Mayor, are the covenants, statements, representations and agreements of the Issuer.

4.2. Ratification of Prior Proceedings. All the proceedings heretofore taken and adopted for the creation of the District and for the construction of improvements therein and the assessment of a part of the cost of constructing such improvements on and against the private properties in the District shall be and the same are hereby ratified, approved, and confirmed. No assessment will exceed the benefit to be derived from the improvements by the piece of property assessed, and no parcel of property will bear more than its proportionate share of the cost of the improvements to be made.

4.3. Levy and Collection of Assessments. The Town Treasurer shall be and is hereby authorized and empowered, and it shall be his/her duty to receive and collect all assessments levied to pay the cost of said improvements of the District, the installments thereon, the interest thereon, and the penalties accrued, including without limiting the generality of the foregoing, the whole of the unpaid principal, interest and penalties accrued which become due and payable immediately because of the failure to pay any installment whether of principal or interest, when due, and to pay and disburse such payments to the person or persons lawfully entitled to receive the same in accordance with the laws of the State of Utah and all the ordinances and resolutions of the Issuer heretofore or to be hereafter adopted.

All moneys constituting the payment of principal and interest shall be placed in a regular fund to be designated "Special Assessment Fund of Eagle Mountain, Utah Special Improvement District No. 97-1 ("Special Assessment Fund"), and shall be used for the purpose of paying the principal of and the interest on the Bonds of the District and for no other purpose whatsoever, and as security for such payment, said Special Assessment Fund is hereby pledged.

4.4. Investment of Funds. Moneys deposited in the Special Assessment Fund and the Debt Service Reserve Fund may be invested in Qualified Investments, provided, however, that any moneys remaining in the Special Assessment Fund for more than twelve (12) months may be so invested only upon the Town Treasurer obtaining an opinion of nationally recognized municipal bond counsel to the effect that such investment will not adversely affect the exclusion from federal income taxes of interest on and of the Bonds, all in accordance with Section 148 of the Internal Revenue Code and the regulations promulgated thereunder.

4.5. Debt Service Reserve Fund. The provisions of Section 10 of the Assessment Ordinance in reference to the Debt Service Reserve Fund are hereby readopted. The Debt Service Reserve Fund shall be established by the Issuer and held and administered by the Town Treasurer. The Issuer shall initially fund the Debt Service Reserve Fund on the date of delivery of the Bonds by depositing therein \$219,500 from proceeds received from the sale of the Bonds. Thereafter, the Issuer will transfer to the Debt Service Reserve Fund an amount equal each year to such amount as a tax levy of .0002 on all property within the Issuer will produce until the Debt Service Reserve Fund has on deposit therein an amount equal to the Reserve Fund Requirement. Should said Debt Service Reserve Fund be drawn to pay any deficiencies in the Assessment Fund as provided in Section 4.6 or for any other reason as permitted by the Act, the Issuer shall replenish said Debt Service Reserve Fund to the Reserve Fund Requirement. The Issuer may replenish the Debt Service Reserve Fund from proceeds received from the sale of delinquent property as provided in the Act. If, however, the Debt Service Reserve Fund is not fully replenished after the Issuer has exhausted all of its remedies against delinquent property, the Debt Service Reserve Fund shall, as provided by statute, be replenished by (i) appropriation from the general fund of the Issuer, (ii) by the levy of a tax of not to exceed .0002 per dollar of taxable value of taxable property in any one year, (iii) by the issuance of general obligation bonds of the Issuer (however, the issuance of such bonds would require voter approval), or (iv) by appropriation from such other sources as may be determined by the Issuer. The obligation of the Issuer to replenish the Debt Service Reserve Fund as provided in this Section 4.5 shall be subject to the limitation set forth in Section 4.11 hereof.

Funds at any time on deposit in the Debt Service Reserve Fund in excess of the Reserve Fund Requirement shall be transferred to the Assessment Fund or about each January 1 beginning January 1, 1999, to be used to reduce pro rata all assessment payments coming due on the next assessment payment date.

4.6. Insufficiencies in Assessment Fund. Should there be insufficient money in the Special Assessment Fund to pay all of the interest falling due at one time and the principal amount thereof due, the interest and principal shall be paid from the Debt Service Reserve Fund to the extent that there is sufficient money in the Debt Service Reserve Fund for this purpose, and the Bonds are payable exclusively from the regular assessments levied for said purpose and from the Debt Service Reserve Fund. In the event there are insufficient moneys on deposit in the Debt Service Reserve Fund, the Issuer shall either issue interim warrants drawing interest at the rate or rates determined by the Issuer against the Debt Service Reserve Fund as provided in Section 4.9 hereof or fund the Debt Service Reserve Fund as provided in Section 4.5 hereof, to meet such deficiencies.

4.7. Lien of Assessment. The assessments, any interest accruing on the assessments and the penalties and costs of collection of the assessment shall continue to constitute and are hereby declared to be a lien against the properties upon which the assessment is levied within the District from and after November 19, 1997, the date on which the Assessment Ordinance became effective. Said lien shall be superior to the lien

of any trust deed, mortgage, mechanic's or materialman's lien, or other encumbrance, and shall be equal to and on a parity with the lien for general property taxes. Said lien shall apply without interruption, change in priority, or alteration in any manner to any reduced obligations and shall continue until the assessment and any interest, penalties, and costs thereon are paid, notwithstanding any sale of the property for or on account of a delinquent general property tax, special tax, other assessment, or the issuance of a tax deed, an assignment of interest by the county, or a sheriff's certificate of sale or deed.

4.8. Deposit of Funds. The Funds hereinabove referred to shall be kept separate and apart from each other and from any other funds of the Issuer and shall, from time to time as they are accumulated, be deposited in such bank or banks as are designated as depositories of public monies for funds of the Issuer under the depository laws of the State of Utah for the deposit of public funds.

4.9. Default in Payment of Assessments. In the event a default occurs in the payment of any installment of principal or interest of the assessments levied pursuant to the Assessment Ordinance when due and after the Issuer has provided notice of such default and a thirty (30) day period to remedy the default as provided in the Assessment Ordinance, the Issuer shall, at its discretion, either (1) foreclose on the amount of the delinquent installment payment, or (2) accelerate payment of the total unpaid balance of the assessment and declare the whole of the unpaid principal and the interest when due to be immediately due and payable. The whole amount of the unpaid principal shall thereafter draw interest at the same rate or rates of interest as are applied to delinquent real property taxes for the year in which the assessment installment becomes delinquent. The Issuer covenants and agrees that it shall initiate a summary sale pursuant to Section 17A-3-324(2) and related pertinent provisions of the Act, of all delinquent property in the manner provided for actions to foreclose mortgage liens or trust deeds. If at the sale, no person shall bid and pay the Issuer the amount due on the assessment plus interest and costs, the property shall be deemed sold to the Issuer for these amounts. The Issuer shall bid at the sale as necessary to insure that the property is sold for at least an amount equal to the amount due on the assessment plus interest and costs.

If any property is sold to the Issuer at final sale, the Issuer shall, for so long as it retains ownership of the property so sold, pay all annual assessment installments that become due, including interest thereon. The payments shall be made out of the Debt Service Reserve Fund and paid into the Special Assessment Fund. In the event there are insufficient moneys in the Debt Service Reserve Fund, the Issuer shall either issue warrants against the Debt Service Reserve Fund drawing interest at the rate or rates determined by the Town Council of the Issuer or fund the Debt Service Reserve Fund as provided in Section 4.5 hereof to meet any financial liabilities accruing against it. Should the Town Council issue interim warrants against the Debt Service Reserve Fund, it shall, at the time of making its next annual tax levy, provide for the levy of a sum sufficient, with other resources of said Fund, to pay warrants so issued and outstanding, the tax for which may not exceed .0002 per dollar of taxable value of taxable property within the Issuer in any one year.

If the Issuer sells the property it has purchased at a summary sale, the purchase price paid for it shall not be less than an amount sufficient to reimburse the Debt Service Reserve Fund for all amounts paid out of said Fund with respect to said property for delinquent assessments or parts or installments of them, plus interest, penalties and costs. The sales price of the property and any interest on it paid in installments shall first be paid into the Debt Service Reserve Fund to the extent of the full reimbursement requirement, and the remaining funds will be paid into the Special Assessment Fund.

The remedies provided in this section for the collection of assessments and the enforcement of liens shall be deemed and construed to be cumulative and the use of any one method or means of collection or enforcement shall not deprive the Issuer of the use of any other method or means. The proceeds from the sale of any property sold will be placed in the Special Assessment Fund as required herein and by the Act.

4.10. Limited Obligation of Issuer. Notwithstanding anything contained elsewhere herein to the contrary, the Bonds are not a general obligation of the Issuer, but are payable exclusively out of the Special Assessment Fund. The Issuer shall not be liable for the payment of the Bonds, except to the extent of the funds created and received from the special assessments and to the Debt Service Reserve Fund, but the Issuer shall be held responsible for the lawful levy of all assessments, for the creation and maintenance of the Debt Service Reserve Fund as provided herein, and for the faithful accounting, collection, settlement, and payment of the assessments and for the moneys of said Fund.

4.11. Bonds in Registered Form. The Issuer recognizes that Section 149 of the Code requires the Bonds to be issued and to remain in fully registered form in order that interest thereon is excludible from gross income for federal income tax purposes under laws in force at the time the Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Bonds to be issued in, or converted into, bearer or coupon form.

4.12. Tax Covenant. The Issuer further covenants and agrees to and for the benefit of the Bondholders that the Issuer (i) will not take any action that would cause interest on the Bonds to become subject to federal income taxation, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Bonds to become subject to federal income taxation, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the exemption from federal income taxation of interest on the Bonds. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Bonds with the requirements of Section 148 of the Code and the regulations promulgated thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer further represents and covenants that no bonds or other evidences of indebtedness of the Issuer have been or will be issued, sold or delivered within a period beginning 15 days prior to the date of the Bonds and ending 15 days following the delivery of the Bonds.

4.13. Designation of Issue for Tax Purposes. For purposes of and in accordance with Section 265 of the Code, the Issuer hereby designates the Bonds as an issue qualifying for the exception for certain qualified tax-exempt obligations to the rule denying banks and other financial institutions 100% of the deduction for interest expenses which is allocable to tax-exempt interest. The Issuer reasonably anticipates that the total amount of tax-exempt obligations (other than obligations described in Section 265(b)(3)(C)(ii) of the Code), which will be issued by the Issuer and by any aggregated issuer during the current calendar year will not exceed \$10,000,000. For purposes of this Section 4.13, "aggregated issuer" means any entity which (i) issues obligations on behalf of the Issuer, (ii) derives its issuing authority from the Issuer, or (iii) is subject to direct or indirect control by the Issuer within the meaning of Treasury Regulation Section 1.150-1(e). The Issuer hereby represents that (a) it has not created and does not intend to create and does not expect to benefit from any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) or (D) of the Code and (b) the total amount of obligations so designated by the Issuer and aggregated issuers for the current calendar year does not exceed \$10,000,000.

Section 4.14. Arbitrage Rebate.

(a) The Issuer shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts and from all other moneys of the Issuer.

(b) All amounts in the Rebate Fund, including income earned from investment of the Fund, shall be held by the Issuer. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for the Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for the Bonds, the Issuer shall withdraw from the Rebate Fund an amount not to exceed such excess.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to the Bonds on each applicable Rebate Calculation Date. The Issuer shall retain records of all such determinations until six years after the retirement of the last Bond. The Issuer shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to the Bonds. The Issuer shall withdraw from the Rebate Fund and pay over to the United States Government with respect to the Bonds: (1) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for the Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to the Bonds equals 90% of the sum of the Rebatable Arbitrage pertaining to the Bonds plus the amount, if any, of Rebatable Arbitrage theretofore paid to the United States with respect to the Bonds, and (2) not later than 60 days after the retirement of the last Bond, 100% of the Rebatable

Arbitrage with respect to such Bonds. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund must be verified in writing by an independent public accountant or other qualified professional.

(d) The Issuer shall keep and retain until the date six years after the retirement of the last of the Bonds, records with respect to the Bonds and the investment and expenditure of Gross Proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of Gross Proceeds of the Bonds.

(e) The Issuer 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 Gross 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.

(f) The provisions of this Section may be amended or deleted upon receipt by the Issuer of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

ARTICLE V

FORM OF BONDS

5.1. Form of Bonds. Each fully registered Bond shall be, respectively, in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required:

[FORM OF BOND].

Registered

Registered

UNITED STATES OF AMERICA

STATE OF UTAH

UTAH COUNTY

TOWN OF EAGLE MOUNTAIN

SPECIAL ASSESSMENT BOND

SERIES 1997

(EAGLE MOUNTAIN, UTAH SPECIAL IMPROVEMENT DISTRICT NO. 97-1)

THIS BOND HAS BEEN DESIGNATED BY THE ISSUER FOR PURPOSES OF THE EXCEPTION CONTAINED IN SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986 RELATING TO THE DEDUCTIBILITY OF A FINANCIAL INSTITUTION'S INTEREST EXPENSE ALLOCABLE TO TAX-EXEMPT INTEREST.

Number R- _____

\$ _____

INTEREST
RATE:

MATURITY
DATE:

ORIGINAL
ISSUE
DATE:

CUSIP:

December 15, 1997

Registered Owner: _____

Principal Amount: _____ DOLLARS

The Town of Eagle Mountain, Utah County, Utah (the "Issuer"), a duly organized and existing political subdivision of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay to the Registered Owner named above, or registered assigns, on the Maturity Date identified above, upon presentation and surrender hereof, the Principal Amount identified above, and to pay the Registered

Owner hereof interest on the balance of said Principal Amount from time to time remaining unpaid at the Interest Rate per annum (calculated on the basis of a year of 360 days and twelve 30-day months) identified above, payable annually beginning on December 15, 1998, and on the December 15 of each year thereafter until payment in full of said Principal Amount, except as the provisions set forth in the hereinafter mentioned Bond Resolution with respect to redemption prior to maturity may become applicable hereto. Interest on this Bond shall accrue from the interest payment date next preceding the date on which it is authenticated, unless (a) it is authenticated before the first interest payment date following the Original Issue Date identified above, in which case interest shall accrue from the Original Issue Date, or (b) if this Bond is authenticated on an interest payment date, in which case interest shall accrue from such interest payment date; provided that if at the time of authentication of this Bond, interest is in default, interest shall accrue from the date to which interest has been paid. This Bond shall bear interest on overdue principal at the Interest Rate. Principal of and premium, if any, on this Bond shall be payable upon surrender of this Bond at the principal office of U.S. Bank National Association, Salt Lake City, Utah, as Paying Agent; and payment of the annual interest hereon shall be made to the Registered Owner hereof and shall be paid by check or draft mailed to the person who is the Registered Owner of record as of the Bond Registrar's close of business on the fifteenth day immediately preceding each interest payment date at the address of such Registered Owner as it appears on the registration books kept by the hereinafter defined Bond Registrar, or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar as provided in the hereinafter defined Bond Resolution. Principal and interest on this Bond shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the Special Assessment Bonds of the Issuer (the "Bonds") limited to the aggregate principal amount of \$2,195,000 issued under and by virtue of the Utah Municipal Improvement District Act, Title 17A, Chapter 3, Part 3, Utah Code Annotated 1953, as amended (the "Act"), and under and pursuant to a resolution of the Issuer adopted on December 16, 1997 (the "Bond Resolution"), for the purpose of (a) financing the acquisition and construction costs of improvements on certain roads within the Issuer consisting of road paving, concrete curb planter median and related improvements (the "Improvements"), (b) funding a debt service reserve fund, and (c) paying issuance expenses incurred in connection with the issuance of the Bonds.

The Bonds are issuable solely in the form of registered Bonds without coupons in the denomination of \$1,000 or any integral multiples thereof.

The Bonds are subject to optional redemption at the election of the Issuer in whole or in part (and, if in part, on a pro rata basis among maturities to the extent feasible as selected by the Bond Registrar) on any business day, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date.

The Bonds maturing on December 15, 2007 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date on the dates and in the principal amounts as follows:

| <u>Redemption Date</u> | <u>Principal Amount</u> |
|----------------------------|-----------------------------|
| December 15, 2002 | \$209,000 |
| December 15, 2003 | \$221,000 |
| December 15, 2004 | \$235,000 |
| December 15, 2005 | \$248,000 |
| December 15, 2006 | \$263,000 |
| December 15, 2007 | \$279,000 |

Upon redemption of any Bonds maturing on December 15, 2007 other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such Mandatory Sinking Fund Redemption amounts for the Bonds maturing on December 15, 2007 on a pro rata basis to the extent feasible.

If fewer than all of the Bonds of any maturity are to be so redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed shall be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered Bond of a denomination of more than \$1,000 to be redeemed will be in the principal amount of \$1,000 or an integral multiple thereof, and in selecting portions of such Bonds for redemption the Bond Registrar will treat each such Bond as representing that number of Bonds of \$1,000 denomination which is obtained by dividing the principal amount of such Bonds by \$1,000.

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by the Paying Agent by mailing a copy of the redemption notice by registered or certified mail not less than thirty (30) nor more than forty-five (45) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. All Bonds so called to redemption will 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.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption

price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

Less than all of a Bond in a denomination in excess of \$1,000 may be so redeemed, and in such case, upon the surrender of such Bond, there shall be issued to the Registered Owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, registered Bonds of any of the authorized denominations, all as more fully set forth in the Bond Resolution.

U.S. Bank National Association is the initial bond registrar and paying agent with respect to the Bonds. Said bond registrar and paying agent, together with any successor bond registrar or paying agent, respectively, is referred to herein as the "Bond Registrar" and the "Paying Agent."

Payment of this Bond and the interest thereon shall be made from, and as security for such payment there is pledged the Special Assessment Fund of Eagle Mountain, Utah Special Improvement District No. 97-1 (the "District"), containing the receipts derived by the Issuer from the special assessments levied upon the property included in the District by the Assessment Ordinance adopted by the Issuer, which ordinance became effective on November 19, 1997, for the purpose of paying the costs of constructing the Improvements under, by virtue of, and in full conformity with the Constitution and laws of the State of Utah and certain ordinances and resolutions of the Issuer duly passed and made law thereof prior to the issuance hereof.

It is hereby certified that a Debt Service Reserve Fund has been created by ordinance as authorized by Utah statutes, and the Issuer agrees that at all times during the life of this Bond and until payment thereof in full, said Fund shall be at all times maintained as therein required. This Bond is not a general obligation of the Issuer but is payable exclusively out of said Special Assessment Fund and said Debt Service Reserve Fund. The Issuer shall not be held liable for the payment of this Bond, except to the extent of the funds created and received from said special assessments and to the extent of its Debt Service Reserve Fund; but the Issuer shall be held responsible for the lawful levy of all special assessments, for the creation and maintenance of the Debt Service Reserve Fund as provided by law, and for faithful accounting, collection, settlement, and payment of the assessments and for the monies of said Fund.

The special assessments made and levied to defray the cost of Improvements, with accruing interest thereon, and the cost of collection of the assessments constitute a lien upon and against the property upon which such assessments were made and levied from and after November 19, 1997, the date upon which the ordinance levying such assessments became effective, which lien is superior to the lien of any trust deed, mortgage, mechanic's or materialman's lien, or other encumbrance. Said lien is equal to and on a parity with the lien for general property taxes and shall continue until the

assessments and interest thereon are paid, notwithstanding any sale of the property for or on account of a delinquent general property tax, special tax, other assessment, or the issuance of a tax deed, an assignment of interest by the county, or a sheriff's certificate of sale or deed.

This Bond is transferable, as provided in the Bond Resolution, only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Bond Registrar, by the Registered Owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or such duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Bond or Bonds of authorized denominations of the same aggregate principal amount, series, designation, maturity and interest rate as the surrendered Bond, all as provided in the Bond Resolution and upon the payment of the charges therein prescribed. No transfer of this Bond shall be effective until entered on the registration books kept by the Bond Registrar. The Issuer, the Bond Registrar and the Paying Agent may treat and consider the person in whose name this Bond is registered on the registration books kept by the Bond Registrar as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever, and neither the Issuer, nor the Bond Registrar nor the Paying Agent shall be affected by any notice to the contrary.

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

This Bond and the issue of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act and all other laws applicable thereto. It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah and by the Act and the Bond Resolution to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed and that the issue of Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes, and that the aggregate amount of special assessment bonds of the Issuer for the District, including this Bond, does not exceed the amount authorized by law nor the special assessment levied to cover the cost of the Improvements in the District, and that all said special assessments have been lawfully levied.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, THE TOWN OF EAGLE MOUNTAIN, UTAH COUNTY, UTAH, has caused this Bond to be signed in its name and on its behalf by its Mayor and attested by its Town Clerk (the signatures of said Mayor and Town Clerk being by facsimile signature), and has caused the facsimile of its corporate seal to be printed hereon, and said officials by the execution hereof to adopt as and for their own proper signatures their facsimile signatures appearing on each of the Bonds.

(Do Not Sign)

Mayor

ATTEST:

(Do Not Sign)

Town Clerk

[S E A L]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Town of Eagle Mountain, Utah Special Assessment Bonds, Series 1997 (Eagle Mountain, Utah Special Improvement District No. 97-1).

U.S. BANK NATIONAL ASSOCIATION,
as Bond Registrar

By _____
Authorized Officer

Date of authentication: _____

* * * * *

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian

(Cust)

(Minor)

under Uniform Gifts to Minors Act _____

(State)

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond and hereby irrevocably constitutes and appoints

attorney to register the transfer of said Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature: _____

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

SIGNATURE GUARANTEED:

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.

ARTICLE VI

MISCELLANEOUS

6.1. Ratification. All proceedings, resolutions and actions of the Issuer and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved.

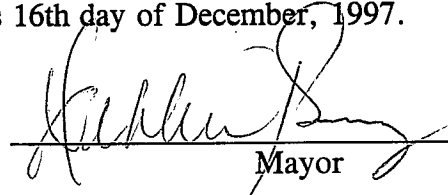
6.2. Severability. It is hereby declared that all parts of this Bond Resolution are severable, and if any section, paragraph, clause or provision of this Bond Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining provisions of this Bond Resolution.

6.3. Conflict. All resolutions, orders and regulations or parts thereof heretofore adopted or passed which are in conflict with any of the provisions of this Bond Resolution are, to the extent of such conflict, hereby repealed.

6.4. Captions. The table of contents or headings herein are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or sections of this Bond Resolution.

6.5. Effective Date. This Bond Resolution shall take effect immediately.

ADOPTED AND APPROVED this 16th day of December, 1997.



Mayor

ATTEST:



Town Clerk



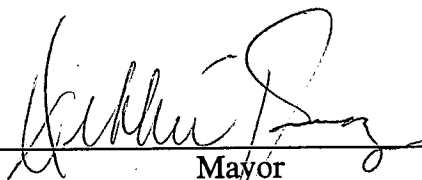
After due consideration of said resolution by the Town Council, Diane Bradshaw moved to adopt the resolution. The motion was seconded by Nick Berg and the same was put to a vote and was unanimously carried by the affirmative vote of all members present, the vote being as follows:

AYE: 4

NAY: 0

(Other business not pertinent to the foregoing appears in the minutes of the meeting.)

The meeting was then adjourned.



Mayor

ATTEST:



Town Clerk



STATE OF UTAH

)

: ss.

COUNTY OF UTAH

)

I, Janet Valentine, the duly qualified and acting Town Clerk of the Town of Eagle Mountain, Utah County, Utah, do hereby certify according to the records of said Town in my official possession that the foregoing constitutes a true and correct copy of the minutes of the special meeting of the Town Council held on December 16, 1997, including a resolution adopted at said meeting as said minutes and resolution are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said Town this 16th day of December, 1997.



Town Clerk



EXHIBIT "A"

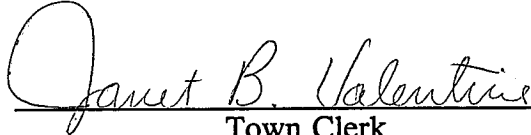
CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Janet Valentine, the undersigned Town Clerk of the Town of Eagle Mountain, Utah County, Utah (the "Town"), do hereby certify, according to the records of the Town in my official possession, and upon my own knowledge and belief, that in accordance with the requirements of Section 52-4-6(2), 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 December 16, 1997, public meeting held by the Town as follows:

(a) By causing a Notice, in the form attached hereto as Schedule "A", to be posted at the Town's principal offices on December 15, 1997, 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 "A", to be delivered to the Lehi Free Press on December _____, 1997, at least twenty-four (24) hours prior to the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 16th day of December, 1997.


Town Clerk



SCHEDULE "A"

NOTICE OF MEETING

EXHIBIT "B"

PURCHASE CONTRACT

(See Transcript Document No. _____)

EXHIBIT "C"

OFFICIAL STATEMENT

(See Transcript Document No. _____)