
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: September 7, 2006

SUBJECT: Resolution authorizing the issuance
and providing for the sale of the Salt Lake
City Special Assessment Bonds, Series 2006
900 South, Main Street to 900 West
Reconstruction Special Improvement
District (SID), Job No. 102004

AFFECTED COUNCIL DISTRICTS: 2, 4, and 5

STAFF REPORT BY: Jan Aramaki, Constituent Liaison/Policy Analyst

ADMINISTRATIVE DEPT.
AND CONTACT PERSON: Department of Public Services
Karen Carruthers

FILE LOCATIONS: 900 South, Main Street
to 900 West SID, Job 102004

POTENTIAL MOTIONS:

If the Council desires to adopt the bond resolution, the following motion would be appropriate:

1. **["I move that the Council"] Adopt a resolution authorizing the issuance and providing for the sale of the Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004) (The "Series 2006 Bonds") providing for pricing and terms of the Series 2006 Bonds, prescribing the form of bonds, the maturity and denomination of said bonds, providing for the continuance of a guaranty fund; authorizing and approving a bond purchase agreement; and related matters.**

NEW INFORMATION:

The Administration requests that the City Council take the final step of action to adopt a bond resolution authorizing the issuance and confirming the sale of \$294,000 of special assessment bonds, Series 2006, for the 900 South, Main Street to 900 West Street Special Improvement District. The District includes all property fronting or abutting on both sides of 900 South from Main Street to 900 West. The Engineering Division identified 72 parcels as part of the proposed SID; however, some property owners own more than one parcel, and therefore approximately 50 property owners are involved with the proposed SID. All properties are

commercial with the exception of a couple of residential rentals.

According to the Administration's paperwork, "The Bonds are authorized to be issued for the purpose of:

(a) installing concrete sidewalks, sidewalk access ramps, driveways, curb, gutter, roadway pavement, street lighting, traffic signals and landscaping;

(b) retiring any outstanding interim warrants, and

(c) paying issuance expenses incurred in connection with the issuance of the Bonds."

The total estimated cost for the 900 South, Main Street to 900 West Street improvements amounted to \$4,827,337, of which the City paid \$4,397,855. In June 2006, the City Council adopted an ordinance to assess properties affected or benefited by the improvements within the District in the amount of \$429,481. Property owners were given the option to pay the whole or any part of their portion of the assessments without interest within a pre-payment period of 30-days after the assessment ordinance became effective. Any part of the assessment not paid within the 30-day pre-payment period shall be payable over a period of ten years in substantially equal annual principal installments plus interest at the bond rate to pay off bond debt. During the pre-payment period, \$134,721 was remitted by property owners resulting in a balance of \$294,760 to be assessed over a ten year period. However, because bonds are issued in even \$1,000 increments and the bond amount cannot exceed the balance due, the par amount of bonds to be issued is \$294,000 (rounded down to the nearest \$1,000).

The City is required to maintain a guaranty fund equal to 10 percent of the par amount of all outstanding special assessment bonds for the purpose of guaranteeing the payment of debt service on these bonds. The City's guaranty fund has a sufficient balance to provide this guaranty.

The City has a contract with an investment banking firm to act as underwriter for all SID bonds. Because the dollar amount to be bonded is minimal, the Administration decided to issue these bonds as "private placement" bonds meaning that bonds issued by a state or local government are sold directly to an investor and not re-offered to the public. As such, the investor will purchase these bonds and place them into their own portfolio. Zions First National Bank, as underwriter, has been awarded the purchase of the bonds at a net interest cost to the City of 4.77%. A copy of the debt service schedule is attached to the Administration's cover transmittal.

CHRONOLOGY:

- June 6, 2006: The City Council adopted an ordinance confirming the modified and equalized assessment rolls and levying an assessment against certain properties within the 900 South, Main Street to 900 West, Street Improvements Special Improvement District #102004 for the purpose of paying the costs to construct the improvements.
- January 4, 2005: The City Council received a briefing and adopted a resolution declaring the intention of the City to construct improvements within the City consisting of the installation of concrete sidewalks, sidewalk access ramps, driveways, roadway pavement, curb, gutter,

street lighting, traffic signals, and landscaping and all other miscellaneous work necessary to complete the improvements in a proper and workmanlike manner; to create the Salt Lake City, Utah 900 South, Main Street to 900 West, Street improvements Special Improvement District No. 102004; to pay the acquisition and installation costs and expenses by special assessments to be levied against the property benefited by such improvements; to provide Notice of Intention to authorize such improvements and to fix a time and place for protests against such improvements, assessments or the creation of the District; to declare its official intent to reimburse itself for expenditures paid by it prior to the sale of bonds; and to authorize advertisement of construction bids and related matters; and setting the date for a public protest hearing.

At the briefing, the following concerns and/or expressed interests were made by Council Members:

1. A suggestion was made to modify the Notice of Intention letter with the intent to ensure the letter clearly reflected the improvements for which the property owners were being assessed. *The Administration revised the letter.*
 2. Request that the City address any concerns with the portion of property owned by the RDA before the SID progresses. *Engineering has discussed concerns with RDA and will install parallel parking near the TRAX station. Angle parking can be installed at a later point if needed.*
 3. Expressed interest that good quality topsoil is used in the park strips. *Engineering has confirmed that fertile soil will be used that will meet City standards.*
 4. Question asked if the bonus incentive is somewhat standardized project to project. *According to the Engineering Division, the bonus will be based upon a questionnaire that will be sent to every business and property owner asking them to rate the contractor on a point system basis. Example questions such as: overall how well did the contractor do in performing the work, how well did the contractor treat the businesses, how well was access addressed during construction, and how well did the contractor address concerns? Results from the questionnaire will determine the amount of the bonus that is given to the contractor, if a bonus is given. Dependent upon the outcome of this particular bonus, a Council Member remarked that the Engineering Division may wish to standardize the bonus.*
- February 2, 2005: Informal public meetings were scheduled for the Administration to review the proposed SID with interested abutting property owners. The meeting location was held at the Sunday Anderson Center, 900 West and 900 South, from 3:00 p.m. to 4:00 p.m. and from 5:00 p.m. to 6:00 p.m.
 - February 7, 2005: Written protests against the proposed improvements, assessments or against the creation of the District were to be presented and filed in the Office of the City Recorder on or before 5:00 p.m. No written protests were filed.
 - February 8, 2005: Council held a protest hearing at 7:00 p.m. and there were no protests. In order for the District to be created, the protest rate must be less than 50 percent of the property owners who submitted written protests to the City Recorder by the February 7th deadline. The Administration reports there were also no protests filed at the Recorder's Office.
 - March 1, 2005: Council adopted a resolution to create the district.

- March 2, 2005: A bid opening was conducted to award the contract to the best bidder.
- March 8, 2005: Council adopted a resolution accepting the bids for construction work and authorizing execution of a contract to the lowest bidder.
- March 14, 2006: The City Council adopted a resolution appointing a Board of Equalization and Review and set the dates for the Board of Equalization to hear and consider any objections to and make corrections on any proposed assessments which the Board may deem unequal or unjust. This was an opportunity for property owners to discuss with the Board any actual costs that are being proposed.

The following information was provided previously to the Council.

It is provided again for the City Council's reference.

On June 6, 2006, the City Council adopted the attached ordinance confirming the modified and equalized assessment rolls and levying an assessment against certain properties within the 900 South, Main Street to 900 West Street Improvements, Special Improvement District #102004 for the purpose of paying the costs to construct the improvements.

Breakdown of costs for the improvements were as follows:

City Portion	\$4,397,855.26
Property Owners	\$ 429,481.33
Total Estimated Cost	\$4,827,336.59

According to the Administration, within 30 days from the effective date of the ordinance, assessments for the District may be paid without interest. "Any part of the assessment not paid within the thirty day period can be payable over a period of ten years from the effective date of the ordinance."

On March 14, 2006, the City Council adopted a resolution to appoint a Board of Equalization and Review and set the dates for the Board of Equalization. The Board heard and considered objections to and made corrections of any proposed assessments which the Board deemed unequal or unjust. This was an opportunity for property owners to discuss with the Board any actual costs that are being proposed.

The Board of Equalization and Review consisted of the following City officials: Max Peterson, City Engineer; Chris Meeker, City Deputy Recorder; Ed Rutan, City Attorney; Larry Spendlove, Senior City Attorney; and Melanie Reif, Assistant City Attorney. The Board received assistance from Karen Carruthers, City Engineering; Susan Finlayson, City Engineering; John Naser, Senior Project Manager; Ken Johnson, Engineering Technician; and Garth Limburg, Special Assessment Coordinator. The Board of Equalization met for three days on April 11, 12, and 13, 2006. The following is a summary of the concerns expressed by property owners regarding the proposed SID assessments along with responses and recommendations from the Board of Equalization.

April 11, 2006		
Property Owner	Concerns	Board's Response and Recommendation (Refer to Administration's transmittal for more details)
Daniel R. Posilovich 510 W 900 S 15-12-153-004-0000	Submitted letter to protest proposed assessment. Request for a credit for existing sidewalk and drive approaches abutting his property.	Determined prior sidewalk existed, but 1/3 of property frontage consisted of deteriorated sidewalk Recommendation: Assessment for six-foot sidewalk be reduced by \$6,254.60 (1/3 reduction)
Property Owner	Concerns	Board's Response and Recommendation (Refer to Administration's transmittal for more details)
Richard Garlick 365 W 900 S 15-12-181-001-0000	Disagreed with assessment for his drive approach & optional park strip improvements. Questions that he was charged for a second drive approach which is a public alley.	Re-measurement done on driveway and park strip. Determined an error was made in assessment of park strip and Mr. Garlick should not be assessed for public alley drive approach. Recommendation: Assessment reduction for 8" thick concrete driveway of \$2919.29; and park strip assessment reduction of \$621.65.
April ^[DM1] 12, 2006		
David & Johnnie Martin 126 W 900 S 15-12-276-017-0000	Request for an explanation of their assessment.	Assessment was explained to Mr. Martin. Recommendation: Assessment will not change.
Dave Holt & Barbara Joy	Expressed concerns regarding	City Engineering to further

<p>Livsey 873 S Washington St. 15-12-253-014-0000</p>	<p>drainage problems in front of the Jade Cafe. Mr. Holt claims water is coming from an alley next to the property. Request to have modifications made to the curb to help solve the drainage problem.</p>	<p>investigate cause for drainage problem.</p> <p>Recommendation: City correct the drainage problem and City pay a larger portion of the cost to install the sandset concrete paver, assessment reduction of \$1900.</p>
Property Owner	Concerns	Board's Response/Recommendation
<p>Malcom Atherton 135 W 900 S 15-12-279-001-0000</p>	<p>Request to have sandset concrete pavers removed due to the high cost and Mr. Atherton would install a different surface in its place – also questioned the units charged for drive approach.</p>	<p>Driveway approach re-measured and Engineering reviewed the final assessment cost of the sandset concrete pavers.</p> <p>Recommendation: Driveway approach shall be revised due to a measurement error; the city pay a larger portion of costs to install the sandset concrete pavers due to actual cost being substantially higher before the work was done. Assessment reduction of \$1877.49 for 8" thick concrete driveway and \$884 reduction for optional sandset concrete pavers.</p>
<p>April 13, 2006 – no property owners attended</p>		

KEY ELEMENTS:

As the first step in creating the process to establish the Special Improvement District (SID), the Administration requested that the Council adopt a resolution declaring the Notice of Intention and set the protest hearing date for February 8, 2005. SID boundary includes all property fronting or abutting on both sides of 900 South from Main Street to 900 West. The Engineering Division has identified 72 parcels as part of the proposed SID; however, some property owners own more than one parcel, and therefore approximately 50 property owners will be involved with the proposed SID. All properties are commercial with the exception of a couple of residential rentals.

The Notice of Intention states that “the District involves the reconstruction of 900 South from Main Street to 900 West Street. The proposed improvements include the reconstruction of the roadway pavement, installation of concrete curb and gutter, sidewalks, driveway approaches, street lighting, traffic signals, drainage facilities, and landscaping from Main Street to 700 West Street and the rehabilitation of the roadway pavement and street lighting of 900 South Street from 700 West Street to 900 West Street.” The Administration’s paperwork indicates that the project proposes to widen 900 West to 84 feet, provide either parallel or 45 degree parking, utilize two travel lanes in each direction from Main to 300 West and a single lane from 300 West to 900 West, and provide a continuous left turn lane. From Main to 300 West, paved cutback angle parking installation will take place in areas where it presently exists. In areas where cutback parking currently exists, improvements can be made if the abutting property owner agrees to pay for the improvement. A detailed description of improvements anticipated for each section of the SID is broken down on pages 4 to 7 of the Resolution for Council’s review.

Depending upon the nature of the improvements, costs will be assessed by front foot (lot width) of abutting property and optional improvement costs will be assessed by square foot of improved area. Due to the variety of improvements and the difference in the size of areas to be improved, the Administration states it is not feasible to determine assessment rates solely on a front foot basis to each individual parcel to be assessed. Each property owner will receive information with the Notice of Intention of an estimated assessment calculation made by the City Engineer’s Office.

In keeping with City policy, areas of the proposed SID that currently lack sidewalks, curb and gutter will be assessed a cost of 100 percent of the actual costs. Also, property owners are provided the option to have additional work performed in conjunction with the proposed SID improvements, with the property owner being responsible for costs such as: angle parking, installation of landscaping (sod, trees, and an irrigation system connected to property owner’s water supply) in new park strip areas, and drive approaches. The City’s cost for the new park strips includes grading with topsoil for the owner to complete their own landscaping.

Following Council’s approval of the attached resolution, a letter was sent to property owners within the boundary areas of the proposed SID notifying property owners that the City is considering a proposed SID for reconstruction of 900 South from Main Street to 900 West.

It was projected that the project may begin in April with completion by October 2005. The Administration states construction will be planned accordingly to minimize disruption and inconvenience to business owners and pedestrians.

BUDGET RELATED FACTS:

The City Engineer has estimated that the total cost of improvements in the proposed District is \$5,380,982. It is anticipated the City's portion will be approximately \$4,997,157. The property owners' portion is estimated to be approximately \$383,825 (includes construction costs, a portion of engineering expenses, possibly a portion for debt issuance, a ten percent allowance for interest on interim warrants issued to finance construction of the improvements and 15 percent for administrative costs). The Engineering Division is requesting a larger budget than the current estimate for the property owners' portion because actual costs depend on optional improvements that property owners may or may not desire and because actual costs are not known until bids are received and awarded. The Engineering Division has requested a budget for the property owners' assessments of \$430,000 (\$300,000 previously approved by the Council and \$130,000 that was approved by the Council as part of Budget Amendment #4).

Estimated breakdown costs to property owners are as follows:

Rate No.	Improvements	Estimated Unit Costs	Estimated Cost to Property Owners
1	Curb and gutter	\$23.93 per lineal foot	\$136,209
2	6' wide sidewalk	\$34.28 per lineal foot*	109,284
3	Optional 8" thick concrete driveway approach	\$7.66 per square foot*	66,948
4	Optional Park Strip Landscaping	\$2.04 per square foot	\$ 71,384
Property Owners' Total Estimated Assessment			\$383,825

*Due to the variation in widths of the parking strip areas, the estimated cost per square foot applies to the area to be improved, not the front footage to be assessed.

The majority of City funding sources are allocated from the General Fund, Class "C" road funds; the Redevelopment Agency (RDA) will fund the street lights on 900 South from 700 West to 900 West Streets (based upon the preliminary design of the street lights, the Administration reports that the estimated operation and maintenance cost for the City will be approximately \$750 per month); and \$100,000 from Public Utilities will fund drainage, water and sewer improvements. The remaining costs of the improvements shall be paid by a special assessment to be levied against the property fronting or abutting upon or adjacent to the improvements. It is anticipated that the first payment of an assessment installment may be less than one year from the date the Council adopts the assessment ordinance; thereafter approximately ten assessment installments will fall on the anniversary date of the first assessment payment, rather than five years as is calculated for concrete replacement SIDs.

MATTERS AT ISSUE/POTENTIAL QUESTIONS FOR ADMINISTRATION:

1. According to the Engineering Division, there are limited areas of sidewalk that require replacement; however it is reported by Engineering that sections of sidewalk that require replacement are absorbed into the City's cost because the City is required to address ADA

standards as part of the reconstruction. However, areas of the proposed SID that currently have no sidewalks will be assessed 100% of costs. The Administration has been asked by the Council to provide sometime in the near future a City-wide concrete replacement briefing, at which time the Council may be interested in a policy discussion relating to City costs associated with concrete replacement projects. The Council may wish to ask for written information about the standards that will be followed to address ADA concrete replacement for this project.

2. It was noted by representatives of the Engineering Division in a meeting with Council Members Saxton and Turner that a bonus will be available to the contractor for establishing a good working relationship with business and property owners. It is Council staff's understanding that the bonus will be awarded based on a survey completed by business and property owners at completion of the project. The Council may wish to request additional information relating to the contractor's bonus.

CC: Cindy Gust-Jenson, Sam Guevara, Rocky Fluhart, Rick Graham, David Oka, Ed Rutan, Louis Zunguze, Gary Mumford, Dan Mulé, Valda Tarbet, Tim Harpst, Max Peterson, John Naser, Gordon Haight, Kurt Larson, Diana Karrenberg, Marge Harvey, Barry Esham, Sylvia Jones, Gwen Springmeyer, Lehua Weaver, Annette Daley, Chris Bramhall, Boyd Ferguson, Karen Carruthers, Garth Limburg, and Jennifer Bruno

DANIEL A. MULE
CITY TREASURER

SALT LAKE CITY CORPORATION
DEPARTMENT OF MANAGEMENT SERVICES
TREASURER

ROSS C. "ROCKY" ANDERSON
MAYOR

September 5, 2006

Chairperson David L. Buhler
and Salt Lake City Council Members
City and County Building, Room 304
Salt Lake City, Utah 84111

Subject: Sale of Special Assessment Bonds, Series 2006, for
900 South, Main Street to 900 West, Street Improvements
Special Improvement District No. 102004

Dear Chairperson Buhler and City Council Members:

On Tuesday, September 12, 2006, the City Council will consider adopting a bond resolution authorizing the issuance and confirming the sale of \$294,000 of special assessment bonds for the above-referenced District. The amount assessed to property owners in June 2006 was \$429,481.35. During the pre-payment period, property owners remitted \$134,721.07 resulting in a balance to be assessed over a 10-year period of \$294,760.28. A copy of the Bond Resolution and Bond Purchase Agreement is attached for your review.

The Bonds are authorized to be issued for the purpose of (a) installing concrete sidewalks, sidewalk access ramps, driveways, curb, gutter, roadway pavement, street lighting, traffic signals and landscaping, (b) retiring any outstanding interim warrants, and (c) paying issuance expenses incurred in connection with the issuance of the Bonds.

The Bonds were sold as "private placement" bonds because of the small dollar size of the issue. A private placement is when bonds or notes are issued by a state or local government and sold directly to investors but not re-offered to the public. Zions First National Bank purchased the Bonds at a net interest cost (NIC) to the City of 4.77%. This rate is the annual interest rate that will be charged on assessments to property owners in this District. A copy of the debt service schedule is attached for your review.

N:\DAN\Bond Sale-Rose Park Lighting 106024.doc

Chairperson David L. Buhler
and Salt Lake City Council Members
September 5, 2006
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The City's Financial Advisor, Wells Fargo Brokerage Services, and I recommend that you approve the issuance and sale of these Special Assessment Bonds to Zions First National Bank. Thank you.

Sincerely,

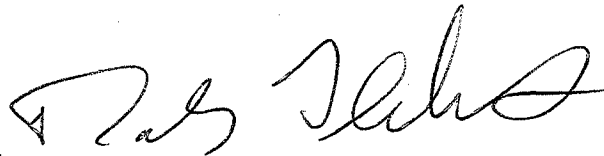
Daniel A. Mulé

Daniel A. Mulé
City Treasurer

DAM/lg

Attachments

cc: Rocky Fluhart
Steve Fawcett

A handwritten signature in dark ink, appearing to read "Rocky Fluhart", is written over the "Attachments" line.

Salt Lake City, Utah

Special Assessment Bonds

Special Improvement District #C-102004

(900 South - Main Street to 900 West), Series 2006

Debt Service Schedule

DATE	PRINCIPAL	COUPON	INTEREST	TOTAL P+I	Fiscal Total
09/20/2006	-	-	-	-	-
12/01/2006	-	-	2,765.81	2,765.81	-
06/01/2007	27,000.00	4.770%	7,011.90	34,011.90	-
06/30/2007	-	-	-	-	36,777.71
12/01/2007	-	-	6,367.95	6,367.95	-
06/01/2008	24,000.00	4.770%	6,367.95	30,367.95	-
06/30/2008	-	-	-	-	36,735.90
12/01/2008	-	-	5,795.55	5,795.55	-
06/01/2009	26,000.00	4.770%	5,795.55	31,795.55	-
06/30/2009	-	-	-	-	37,591.10
12/01/2009	-	-	5,175.45	5,175.45	-
06/01/2010	27,000.00	4.770%	5,175.45	32,175.45	-
06/30/2010	-	-	-	-	37,350.90
12/01/2010	-	-	4,531.50	4,531.50	-
06/01/2011	28,000.00	4.770%	4,531.50	32,531.50	-
06/30/2011	-	-	-	-	37,063.00
12/01/2011	-	-	3,863.70	3,863.70	-
06/01/2012	29,000.00	4.770%	3,863.70	32,863.70	-
06/30/2012	-	-	-	-	36,727.40
12/01/2012	-	-	3,172.05	3,172.05	-
06/01/2013	31,000.00	4.770%	3,172.05	34,172.05	-
06/30/2013	-	-	-	-	37,344.10
12/01/2013	-	-	2,432.70	2,432.70	-
06/01/2014	32,000.00	4.770%	2,432.70	34,432.70	-
06/30/2014	-	-	-	-	36,865.40
12/01/2014	-	-	1,669.50	1,669.50	-
06/01/2015	34,000.00	4.770%	1,669.50	35,669.50	-
06/30/2015	-	-	-	-	37,339.00
12/01/2015	-	-	858.60	858.60	-
06/01/2016	36,000.00	4.770%	858.60	36,858.60	-
06/30/2016	-	-	-	-	37,717.20
Total	\$294,000.00	-	\$77,511.71	\$371,511.71	-

Yield Statistics

Bond Year Dollars	\$1,624.98
Average Life	5.527 Years
Average Coupon	4.7700003%
Net Interest Cost (NIC)	4.7700003%
True Interest Cost (TIC)	4.7714280%
Bond Yield for Arbitrage Purposes	4.7714280%
All Inclusive Cost (AIC)	4.7714280%

IRS Form 8038

Net Interest Cost	4.7700003%
Weighted Average Maturity	5.527 Years

FOR DISCUSSION PURPOSES ONLY

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Wells Fargo Brokerage Services, LLC

Public Finance

Salt Lake City, Utah

September 12, 2006

A regular meeting of the City Council of Salt Lake City, Utah, was held on Tuesday, the 12th day of September, 2006, at the hour of 7:00 p.m. at the offices of the City Council at 451 South State Street, Salt Lake City, Utah, at which meeting there were present and answering to roll call the following members who constituted a quorum:

David L. Buhler	Chair
Van Blair Turner	Vice Chair
Søren Dahl Simonsen	Councilmember
Nancy Saxton	Councilmember
K. Eric Jergensen	Councilmember
Carlton Christensen	Councilmember
Jill Remington-Love	Councilmember

Also present:

Ross C. Anderson	Mayor
Edwin P. Rutan, II	City Attorney
	Deputy City Recorder

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this resolution had been discussed, the Deputy City Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this 12th day of September, 2006, 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 _____ and seconded by Councilmember _____, adopted by the following vote:

AYE:

NAY:

The resolution was then signed by the Chair, presented to and approved by the Mayor, and recorded by the Deputy City Recorder in the official records of Salt Lake City, Utah. The resolution is as follows:

RESOLUTION NO. ____ OF 2006

A RESOLUTION AUTHORIZING THE ISSUANCE AND PROVIDING FOR THE SALE OF THE SALT LAKE CITY, UTAH SPECIAL ASSESSMENT BONDS, SERIES 2006 (900 SOUTH, MAIN STREET TO 900 WEST, STREET IMPROVEMENTS SPECIAL IMPROVEMENT DISTRICT NO. 102004) (THE "SERIES 2006 BONDS") PROVIDING FOR PRICING AND TERMS OF THE SERIES 2006 BONDS, PRESCRIBING THE FORM OF BONDS, THE MATURITY AND DENOMINATION OF SAID BONDS; PROVIDING FOR THE CONTINUANCE OF A GUARANTY FUND; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT; AND RELATED MATTERS.

WHEREAS, the City Council (the "Council") of Salt Lake City, Utah (the "Issuer"), has heretofore adopted proceedings for the construction of improvements in the Salt Lake City, Utah 900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004 (the "District"), and has adopted and approved an assessment ordinance of the Issuer (the "Assessment Ordinance")--confirming the assessment list for the District on the 6th day of June, 2006; and

WHEREAS, notice of assessments to property owners in the District has been published in accordance with the requirements of the laws of the State of Utah and the ordinances of the Issuer, 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 approximately \$4,827,336.59 of which the Issuer's portion was \$4,397,855.26, that during the cash payment period following the effective date of the Assessment Ordinance, property owners in the District have paid \$134,721.07 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 \$294,000 (rounded down to the nearest \$1,000); and

WHEREAS, the Council now desires to authorize the issuance and sale of the Series 2006 Bonds in the total principal amount of \$294,000 to finance the costs of the improvements within the District including overhead costs of the Issuer; and

WHEREAS, Zions First National Bank (the "Purchaser") has indicated its interest in purchasing the Series 2006 Bonds in the total principal amount of \$294,000, plus accrued interest, if any, to the date of delivery, upon the terms and conditions as herein set forth and in accordance with a Bond Purchase Agreement, the form of which is set forth as Exhibit B hereto; and

WHEREAS, the Council has determined that it is in the best interest of the Issuer to accept the offer of the Purchaser for the purchase of the Series 2006 Bonds and to award the sale of the Series 2006 Bonds to the Purchaser:

NOW, THEREFORE, Be It Resolved by the City Council of Salt Lake City,
Utah, as follows:

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.1 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.

“Allocable Portion” means the amount of the Guaranty Fund that is allocable to the Series 2006 Bonds according to (i) the proportion that the original face amount of the Series 2006 Bonds bears to the aggregate of the original face amounts of the Series 2006 Bonds and all other outstanding Special Improvement Bonds issued by the Issuer and secured by the Guaranty Fund, or (ii) any other method of allocation specifically approved in writing by nationally recognized bond counsel to the effect that the use of such method will not adversely affect the excludability of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

“Assessment Ordinance” means the assessment ordinance adopted by the Issuer on the 6th day of June, 2006, which assessed the properties benefited by the Improvements within the District.

“Bondholder” or “Holder” means the registered owner of any Series 2006 Bond as shown in the registration books of the Issuer kept by the Bond Registrar for such purpose.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated the 12th day of September, 2006, by and between the Issuer and the Purchaser in the form attached hereto as Exhibit B, pursuant to which the Series 2006 Bonds are to be sold by the Issuer to the Purchaser.

“Bond Registrar” means each Person appointed by the Issuer as bond registrar and agent for the transfer, exchange, and authentication of the Series 2006 Bonds. Pursuant to Sections 2.5 and 3.5 hereof, the initial Bond Registrar for the Series 2006 Bonds is the Bank of New York Trust Company, N.A., 600 17th Street South, Suite 2800, Denver, Colorado 80202-5428, or its successors.

“Bond Resolution” means this Resolution of the Issuer authorizing the issuance and sale of the Series 2006 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including the treasury regulations promulgated or proposed thereunder.

“District” means the Salt Lake City, Utah 900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004.

"Government Obligations" means direct obligations of the United States of America, or other securities, the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Gross Proceeds" means the gross proceeds of the Series 2006 Bonds as described in Section 148(f)(6)(B) of the Code.

"Guaranty Fund" means the Special Improvement Guaranty Fund established by the Issuer to secure timely payment of all Special Improvement Bonds issued by the Issuer pursuant to the Act, except those Special Improvement Bonds that are secured by a separate reserve fund and not by the Guaranty Fund.

"Improvements" means the installation of concrete sidewalks, sidewalk access ramps, driveways, curb, gutter, roadway pavement, street lighting, traffic signals, drainage facilities, and landscaping.

"Issuer" means Salt Lake City, Utah.

"Paying Agent" means each Person appointed by the Issuer as paying agent with respect to the Series 2006 Bonds. Pursuant to Sections 2.5 and 3.5 hereof the initial Paying Agent for the Series 2006 Bonds is the Bank of New York Trust Company, N.A., 600 17th Street South, Suite 2800, Denver, Colorado 80202-5428, or its successors or assigns.

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

"Purchaser" means Zions First National Bank.

"Qualified Investments" means any investments authorized for the investing of public moneys under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated, 1953, as amended.

"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.

"Recorder" means the City Recorder or any Deputy City Recorder of the Issuer.

"Series 2006 Bonds" means the Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004) authorized by this Bond Resolution.

"Special Assessment Fund" means the Special Assessment Fund defined in Section 4.3 hereof.

“Special Assessment Fund Matching Amount” means the amount on deposit in the Special Assessment Fund which will be depleted at least once each year to pay debt service on the Series 2006 Bonds plus a reasonable carryover amount not to exceed the greater of (i) one year’s earnings on such amount of the Special Assessment Fund, or (ii) one-twelfth of the annual debt service on the Series 2006 Bonds.

“Special Improvement Bonds” means all assessment bonds issued by the Issuer pursuant to the Act which are secured by the Guaranty Fund.

“Special Improvement Districts” means assessment districts created by the Issuer pursuant to the Act.

“Tax-Exempt Obligations” means obligations of any state, territory or possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia, which are described in, and the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code, and stock of any qualified regulated investment company investing in tax-exempt bonds, which stock is not treated as investment property according to the terms of Internal Revenue Service Notice 87-22 or any successor thereto; provided, however, that such obligations and such tax-exempt bonds in which such investment company invests are not specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

“Treasurer” means the City Treasurer of the Issuer.

“Unrestricted Portion of Bond Proceeds” means an amount of Gross Proceeds of the Series 2006 Bonds equal to the sum of (i) 10% of the proceeds of the Series 2006 Bonds, plus (ii) the lesser of (A) 5% of the proceeds of the Series 2006 Bonds, or (B) \$100,000.

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

Section 1.2 Authority for Bond Resolution. This Bond Resolution is adopted pursuant to the provisions of the Act.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2006 BONDS

Section 2.1 Authorization of Series 2006 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 Improvement Bonds of the Issuer is hereby authorized to be issued in the aggregate principal amount of \$294,000 (the "Series 2006 Bonds"). The Series 2006 Bonds shall be designated "Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004)." The Series 2006 Bonds shall be issued in fully registered form only, without coupons.

Section 2.2 Purpose. The Series 2006 Bonds are hereby authorized to be issued for the purpose of (a) financing the construction and installation of the Improvements, and (b) paying issuance expenses incurred in connection with the issuance of the Series 2006 Bonds.

Section 2.3 Bond Details. The Series 2006 Bonds will be dated as of their date of delivery, and will mature on June 1 in the following years and amounts and will bear interest at the following rate or rates:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2007	\$27,000	4.77%
2008	24,000	4.77
2009	26,000	4.77
2010	27,000	4.77
2011	28,000	4.77
2012	29,000	4.77
2013	31,000	4.77
2014	32,000	4.77
2015	34,000	4.77
2016	36,000	4.77

The Series 2006 Bonds shall bear interest payable semi-annually beginning on December 1, 2006, and continuing thereafter on each June 1 and December 1 of each year by wire transfer of funds, or by check or draft mailed to the registered owners of record of the Series 2006 Bonds. Because the Purchaser intends to hold the Series 2006 Bonds for investment purposes, it is anticipated the Purchaser will be the only Bondholder as long as any of the Series 2006 Bonds are outstanding. If the Issuer has monies on deposit with the Purchaser, it may request the Paying Agent to instruct the Purchaser to transfer funds from specified accounts for the timely payment of principal or interest on the Series 2006 Bonds.

Each Series 2006 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 the Series 2006 Bonds, in which case interest shall accrue from their initial delivery date, or (b) any Series 2006 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 Series 2006 Bond, interest is in default, such Series 2006 Bond shall accrue interest from the date to which interest has been paid. The Series 2006 Bonds shall bear interest on overdue principal at the aforesaid respective rates.

Section 2.4 Denominations and Numbers. Subject to the provisions of Section 4.1 hereof, the Series 2006 Bonds shall be issued as fully registered bonds, without coupons, in the denomination of \$1,000, or any whole multiple thereof. The Series 2006 Bonds shall be numbered with the letter prefix "R" and shall be numbered from one (1) consecutively upwards in order of issuance. Because the Series 2006 Bonds are being privately placed with the Purchaser under the Bond Purchase Agreement, one bond certificate will be issued initially for each of the maturities of the Series 2006 Bonds.

Section 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 this Bond Resolution by executing and delivering to the Issuer a written acceptance thereof. The principal of, premium, if any, and interest on the Series 2006 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 Series 2006 Bonds shall be payable when due to the Holder of each Bond 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 Series 2006 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. Pursuant to Section 2.3 hereof, payment of principal or interest on the Series 2006 Bonds also may be made under the direction of the Paying Agent by wire transfer or by inter-fund transfer.

Section 2.6 Optional Redemption and Redemption Price. The Series 2006 Bonds may be redeemed in whole or in part prior to maturity at the option of the Issuer on any business day at par plus accrued interest upon the Issuer giving the Bond Registrar at least thirty (30) days written notice and the Bond Registrar giving at least twenty (20) days written notice to the Bondholders.

If fewer than all of the Series 2006 Bonds of any maturity are to be so redeemed, the particular Series 2006 Bonds or portion of Series 2006 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 Series 2006 Bonds 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 Series 2006 Bonds for redemption the Bond Registrar will treat each such Series 2006 Bonds as representing that number of Series 2006 Bonds of \$1,000 denomination which is obtained by dividing the principal amount of such Series 2006 Bond 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 Series 2006 Bonds 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 Series 2006 Bonds or portions of Series 2006 Bonds to be redeemed, and shall also state that the interest on the Series 2006 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 Series 2006 Bonds the principal of, interest accrued thereon to the redemption date, and premium, if any. The redemption notice 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 Series 2006 Bonds shall not affect the validity of the proceedings for redemption with respect to any other Series 2006 Bonds.

Section 2.7 Sale of the Series 2006 Bonds. Approval is hereby granted for the sale and delivery of the Series 2006 Bonds to the Purchaser at a purchase price of \$294,000 as set forth in the Bond Purchase Agreement. To evidence the acceptance of the Bond Purchase Agreement the Mayor of the Issuer is hereby authorized to execute and deliver, and the Recorder to seal and attest, the Bond Purchase Agreement in substantially the form set out as Exhibit B which is attached hereto.

Section 2.8 Execution of the Series 2006 Bonds. The Series 2006 Bonds shall be executed on behalf of the Issuer by the Mayor of the Issuer and attested by the Recorder (the signatures of said Mayor and Recorder 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 Recorder and such facsimile of the seal of the Issuer on the Series 2006 Bonds are hereby authorized, approved, and adopted by the Issuer as the authorized and authentic execution, attestation, and sealing of the Series 2006 Bonds by said officials. The Series 2006 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 Series 2006 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 Series 2006 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 Series 2006 Bond shall be deemed to have been executed by it if (a) such Series 2006 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 Series 2006 Bonds issued hereunder or that all of the Series 2006 Bonds hereunder be certified as registered by the same Bond Registrar and (b) the date of authentication of the Series 2006 Bonds is inserted in the place provided therefor on the Certificate of Authentication.

The Mayor and Recorder of the Issuer are authorized to execute, attest and seal from time to time, in the manner described above, Series 2006 Bonds (the "Exchange Bonds") to be issued and delivered for the purpose of effecting transfers and exchanges of Series 2006 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 Series 2006 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 Series 2006 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 Series 2006 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 Series 2006 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 Exchange 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 Series 2006 Bond (including any Exchange Bond) shall cease to be such officer before the issuance or delivery of such Series 2006 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.

Section 2.9 Delivery of Series 2006 Bonds. The Series 2006 Bonds shall be delivered to the Purchaser at such time and place as provided in, and subject to, the provisions of the Bond Purchase Agreement. The Treasurer is hereby instructed to make delivery of the Series 2006 Bonds to the Purchaser and to receive payment therefor in accordance with the terms of the Bond Purchase Agreement.

Section 2.10 Further Authority. The Mayor and the Recorder 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 Series 2006 Bonds.

ARTICLE III

TRANSFER AND EXCHANGE OF SERIES 2006 BONDS; BOND REGISTRAR

Section 3.1 Transfer of Series 2006 Bonds.

(a) Any Series 2006 Bond, may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar pursuant to Section 3.3 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2006 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 Series 2006 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 Series 2006 Bond or Bonds shall be surrendered for transfer, the Bond Registrar shall authenticate and deliver a new fully registered Series 2006 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 Series 2006 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 Series 2006 Bond selected for redemption in whole or in part, except the unredeemed portion of Series 2006 Bonds being redeemed in part. Upon surrender of any Series 2006 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 Series 2006 Bond or Bonds (which may be an Exchange Bond or Series 2006 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 Series 2006 Bond surrendered.

Section 3.2 Exchange of Series 2006 Bonds. If circumstances, not now contemplated, result in a modification of the expressed investment intent of the Purchaser and Series 2006 Bonds are later sold to other Bondholders, Series 2006 Bonds may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of fully registered Series 2006 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 Series 2006 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 any redemption of such Bond.

Section 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, as amended. The Bond Registrar shall keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Series 2006 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, Series 2006 Bonds as herein provided.

Section 3.4 List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the Holders of all Series 2006 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.

Section 3.5 Duties of Bond Registrar. If requested by the Bond Registrar, the Mayor and Recorder 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 Series 2006 Bonds as provided herein;
- (d) to cancel and/or destroy Series 2006 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;
- (e) to furnish to the Issuer at least annually a certificate with respect to Series 2006 Bonds canceled and/or destroyed; and
- (f) to furnish to the Issuer at least annually an audit confirmation of Series 2006 Bonds paid, Series 2006 Bonds outstanding and payments made with respect to interest on the Series 2006 Bonds.

ARTICLE IV

COVENANTS AND UNDERTAKINGS

Section 4.1 Covenants of Issuer. All covenants, statements, representations and agreements contained in the Series 2006 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 relating to the Series 2006 Bonds of the Mayor of the Issuer, are the covenants, statements, representations and agreements of the Issuer.

Section 4.2 Ratification of Prior Proceedings. All the proceedings heretofore taken and adopted for the creation of the District and for the construction of the 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. The Issuer hereby finds and represents that 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.

Section 4.3 Levy and Collection of Assessments. The Treasurer shall be and is hereby authorized and empowered, and it shall be his/her duty to receive and collect all assessments levied by the Assessment Ordinance to pay the cost of the 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, including the Assessment Ordinance.

All moneys constituting the payment of assessments pursuant to the Assessment Ordinance, including interest thereon, shall be placed in a regular fund to be designated "Special Assessment Fund" of Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004), and shall be used for the purpose of paying the principal of and the interest on the Series 2006 Bonds of the District and for no other purpose whatsoever, and as security for such payment, said fund is hereby pledged.

Section 4.4 Investment of Funds. Moneys deposited in the Special Assessment Fund and Guaranty 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 Treasurer obtaining an opinion of nationally recognized municipal bond counsel to the effect that such investment will not adversely affect the excludability from federal income taxes of interest on and of the Series 2006 Bonds, all in accordance with Section 103(c) of the Code.

Section 4.5 Guaranty Fund. There is hereby created a Guaranty Fund (the "Guaranty Fund"), and the Issuer agrees with the holder of the Series 2006 Bonds that it will, until the payment of the Series 2006 Bonds in full and the payment of the interest thereon, provide amounts to be transferred to the Guaranty Fund equal each year to such amount as a tax levy of .0002 on all property within the Issuer will produce, either through a levy of a tax of not to exceed .0002 in any one year or by the issuance of general obligation bonds or by appropriation from other available sources. The Guaranty Fund shall include an allocation of ten percent (10%) of the outstanding Series 2006 Bonds of this District, but the entire available balance in the Guaranty Fund shall be for the purpose of guaranteeing to the extent of such fund the payment of special assessment bonds and interest thereon issued against local improvement districts for the payment of local improvements therein, all in the manner and to the extent provided by the laws of the State of Utah. When the Guaranty Fund has a balance equal to ten percent (10%) of the outstanding Series 2006 Bonds of this District plus an allocation as required by the assessment ordinance for each of the other City special improvement districts with bonds outstanding, the funding requirement will be deemed to have been met and future funding or transfers will not be required unless the balance drops below the aggregate allocation level. The Guaranty Fund shall be maintained separate and apart from other municipal funds and shall be used and applied only as provided by the laws of the State of Utah. Moneys deposited in the Guaranty Fund shall be invested in such manner as to comply with Section 17A-3-334(2)(c) of the Act and Section 148 of the Code, and the Issuer hereby covenants to maintain such books and records and to account for all moneys deposited in the Guaranty Fund with respect to the Series 2006 Bonds so as to ensure that the Allocable Portion of such moneys shall not be invested at a yield in excess of the yield on the Series 2006 Bonds, as applicable.

Section 4.6 Insufficiencies in Special 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 of the Series 2006 Bonds due, the interest and principal shall be paid from the Guaranty Fund on a parity basis to the extent that there is sufficient money in the Guaranty Fund for this purpose, and the Series 2006 Bonds are payable exclusively from the regular assessments levied for said purpose and the Guaranty Fund.

Section 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 the effective date of the Assessment Ordinance, which 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. Such lien 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 general property tax, regular 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.

Section 4.8 Deposit of Funds. The funds hereinabove referred to shall be accounted for 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.

Section 4.9 Default in Payment of Assessments. Default in the payment of any installment of principal or interest of the assessments levied pursuant to the Assessment Ordinance, when due, may, at the election of the Issuer, cause the whole of the unpaid principal or interest to become due and payable immediately and the whole amount of the unpaid principal shall thereafter draw interest pursuant to Section 17A-3-322 of the Act at the same interest rate as would be applied to delinquent real property taxes for the year in which the balance became effective. In addition, costs and expenses of collection may be added to the delinquent installments. The Issuer covenants and agrees that it will proceed with due diligence to collect delinquent payments plus collection costs. It may place in operation the procedure necessary to provide for a tax sale of all delinquent property in accordance with the ordinances of the Issuer or in the manner provided by Title 59, Chapter 2, Part 13, Utah Code Annotated 1953, as amended, for the sale of property for delinquent general property taxes as modified in Section 17A-3-324(1) of the Act.

In lieu of the tax sale enforcement remedy, the Issuer may provide for the summary sale of any assessed property after a delinquency shall have occurred in the payment of any assessment or part or installment of it. The sale shall be in the manner provided for actions to foreclose mortgage liens or trust deeds, except that if at the sale no person or entity 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 be permitted to bid at the sale.

The proceeds from the sale of any property sold will be placed in the Special Assessment Fund.

The remedies provided in this section for the collection of assessments and the enforcement of liens and any other remedies available under law to the Issuer 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 hereinabove referred to.

Section 4.10 Series 2006 Bonds in Registered Form. The Issuer recognizes that Section 149 of the Code requires the Series 2006 Bonds to be issued and to remain in fully registered form in order that interest thereon is exempt from federal income taxation under laws in force at the time the Series 2006 Bonds are delivered. In this connection, the Issuer agrees that it will not take any action to permit the Series 2006 Bonds to be issued in, or converted into, bearer or coupon form.

Section 4.11 Tax Covenants.

(a) The Mayor of the City and the Recorder are hereby authorized and directed to execute such certificates as shall be necessary to establish that the Series 2006 Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code as the same presently exists, or may from time to time hereafter be amended, supplemented or revised. The Issuer covenants and certifies to and for the benefit of the Bondholders and the beneficial owners of the Series 2006 Bonds that no use will be made of the proceeds of the issue and sale of the Series 2006 Bonds, or any funds or accounts of the Issuer which may be deemed to be Gross Proceeds of the Series 2006 Bonds, which use, if it had been reasonably expected on the date of issuance of the Series 2006 Bonds, would have caused the Series 2006 Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of the Series 2006 Bonds with the requirements of Sections 103 through 150 of the Code. 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 31 days prior to the sale of the Series 2006 Bonds and ending 31 days following the delivery of the Series 2006 Bonds.

(b) The Issuer hereby covenants and agrees to determine the Allocable Portion of the Guaranty Fund allocable to the Series 2006 Bonds upon the occurrence of each of the following events:

- (i) upon the date of issuance of the Series 2006 Bonds;
- (ii) when the size of the Guaranty Fund increases as a result of either (A) deposits into the Guaranty Fund, or (B) earnings credited to the Guaranty Fund;
- (iii) when the last bond of any outstanding issue of Special Improvement Bonds is retired; and
- (iv) when new Special Improvement Bonds are issued by the Issuer.

The amount of such Allocable Portion, if any, which exceeds the Unrestricted Portion of Bond Proceeds will, immediately upon such determination of such Allocable Portion, be invested at a yield not exceeding the yield on the Series 2006 Bonds or in Tax-Exempt Obligations. For this purpose, proceeds of and yield on the Series 2006 Bonds shall be based upon the first price at which a substantial amount (not less than 10%) of the principal amount of the Series 2006 Bonds are sold to the public or final purchasers (not including bond houses or brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers). Yield on the Series 2006 Bonds and on the investment of proceeds thereof shall be calculated in the manner provided in Treasury Regulation Section 1.103-13(c) and Section 148(h) of the Code, and the provisions therein will be complied with in all respects. Thus, generally, yield means that percentage rate which when used in computing the present value of payments of principal

of and interest on the Series 2006 Bonds or investments of proceeds thereof produces an amount equal to the purchase price thereof.

(c) (i) There is hereby created and established a fund designated the "Rebate Fund of Salt Lake City, Utah, 900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004 (the "Rebate Fund") for the purpose of compliance with the rebate requirements of Section 148(f) of the Code. The requirements of this subsection (c) are subject to, and shall be interpreted in accordance with, Section 148 of the Code.

(ii) The Issuer shall account for the investment of the Gross Proceeds of the Series 2006 Bonds comprised of the total settlement amount of \$294,000 and make the required arbitrage rebate payments to the federal government from the earnings from said Gross Proceeds of the Series 2006 Bonds or from any other legally available source (provided, however, that this obligation shall not be construed as constituting a debt or liability of the Issuer within the meaning of any constitutional or statutory limitation upon the incurrence of indebtedness by the Issuer) at the times, upon the terms and conditions, and in the manner specified in Section 148(f) of the Code.

(iii) The Issuer shall compute the amount of "Excess Earnings," if any, as required by Section 148(f) of the Code (notwithstanding any provision or requirement in this Bond Resolution to the contrary), and shall transfer into the Rebate Fund such amount from the accounts established hereunder or from the other legally available moneys of the Issuer. Amounts held in the Rebate Fund shall be invested and reinvested by the Treasurer, in Qualified Investments which mature or are subject to redemption by the holder or owner prior to the date such funds are expected to be needed. Notwithstanding anything contained herein to the contrary, interest accruing on and profit realized from funds on deposit in the Rebate Fund shall be deposited into the Rebate Fund.

If at any time the amount in the Rebate Fund exceeds the amount that would be required to be paid to the United States under paragraph (v) below if the Series 2006 Bonds had been paid in full, such excess shall promptly be transferred to the Special Assessment Fund.

(iv) In general, "Excess Earnings" for any period of time means the sum of

(A) the excess of --

(I) the aggregate amount earned from the date of issue of the Series 2006 Bonds on all "Nonpurpose Investments" (including gains on the disposition of such

obligations) in which Gross Proceeds of the Series 2006 Bonds are invested (other than amounts attributable to an excess described in this subparagraph (iv)(A)(I)), over

(II) the amount that would have been earned during such period of time if the yield on such Nonpurpose Investments had been equal to the yield on the Series 2006 Bonds, plus

(B) any income during such period of time attributable to the excess described in subparagraph (iv)(A) above.

"Excess Earnings" will not include amounts which need not be taken into account under the special rules of Section 148 of the Code or any successor thereof relating to bona fide debt service funds.

The term "Nonpurpose Investments" shall have the meaning prescribed by Section 148 of the Code or any successor thereof and shall be applied in the manner prescribed in such section.

(v) The Issuer shall make the payments to the United States required in this subsection in installments. The first payment shall be made no later than 29 days after the fifth anniversary of the date of issuance of the Series 2006 Bonds and the payment of each subsequent installment (except the last installment) shall be made not later than five years after the preceding payment was due.

Each installment (except the last installment) shall be in an amount which, when added to all prior installments, is not less than 90% of the Excess Earnings computed as of the anniversary of the date of issuance of the Series 2006 Bonds nearest to the date of payment. Payment of the last installment shall be made not later than 60 days after the date on which the last Series 2006 Bond has been discharged, in an amount which, when added to all prior installments, equals 100% of the Excess Earnings determined as of the payment date of the last installment.

Each payment shall be filed with the Internal Revenue Service Center, Ogden, Utah, 84201, accompanied by a statement summarizing the Issuer's determination of the amount required to be paid to the United States together with a copy of the Form 8038-G filed with respect to the Series 2006 Bonds.

(vi) The Treasurer will keep and retain or cause to be kept and retained, until the date six years after the retirement of the last Series 2006 Bond, adequate records with respect to the Series 2006 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 Series 2006 Bonds including (A) purchase price, (B) purchase date, (C) type of security or investment, (D) accrued interest paid (if any), (E)

interest rate (if applicable), (F) dated date (if applicable), (G) principal amount, (H) date of maturity, (I) interest payment dates (if applicable), (J) date of liquidation, (K) amounts received upon liquidation, and (L) the market value of such security or investment on the date it became Gross Proceeds of the Series 2006 Bonds and on the date of the retirement of the last Series 2006 Bond if then held by the Issuer.

(d) 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 Series 2006 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 arms length and had the yield on the Series 2006 Bonds not been relevant to either party.

(e) 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 Series 2006 Bonds to become includable in gross income for federal income tax purposes, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the Series 2006 Bonds to become includable in gross income for federal income tax purposes, and (iii) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Series 2006 Bonds in order to preserve the excludability of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

Section 4.12 Nondesignation of Series 2006 Bonds. The Issuer has not designated the Series 2006 Bonds, and the Series 2006 Bonds are not qualified, as qualified Tax-Exempt Obligations under Section 265(b)(3) of the Code, relating to the deductibility of a financial institution's interest expenses allocable to tax-exempt interest.

Section 4.13 Investment of Funds. Moneys deposited in the Guaranty Fund may be invested in Qualified Investments. Moneys deposited in the Special Assessment Fund may be invested in Qualified Investments or in Tax-Exempt Obligations; provided, however, that any amount in the Special Assessment Fund which exceeds the sum of (i) the Special Assessment Fund Matching Amount, plus (ii) the excess, if any, of (A) the Unrestricted Portion of Bond Proceeds, over (B) the Allocable Portion of the Guaranty Fund (as a result, for example, of prepayment of assessment installments), shall be invested at a yield not to exceed the yield on the Series 2006 Bonds or in Tax-Exempt Obligations.

ARTICLE V

FORM OF SERIES 2006 BONDS

Section 5.1 Form of Series 2006 Bonds. Each fully registered Series 2006 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
SALT LAKE CITY, UTAH
SPECIAL ASSESSMENT BOND, SERIES 2006
(900 SOUTH, MAIN STREET TO 900 WEST, STREET IMPROVEMENTS
SPECIAL IMPROVEMENT DISTRICT NO. 102004)

Number R-

\$

Interest Rate

Maturity Date

Original Issue Date

CUSIP:

Registered Owner: _____

Principal Amount: _____ DOLLARS

Salt Lake City, 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 specified below at the interest rate per annum (calculated on the basis of a year of 360 days and twelve 30-day months) identified above (the "Interest Rate"), payable semiannually on December 1, 2006, and thereafter in each year on June 1 and December 1 until payment in full of said Principal Amount. Interest on this Series 2006 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 initial delivery of Series 2006 Bonds, in which case interest shall accrue from the Original Issue Date identified above, or (b) this Series 2006 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 Series 2006 Bond, interest is in default, interest shall accrue from the date to which interest has been paid. Principal of and premium, if any, on this Series 2006 Bond shall be payable at the office of the Bank of New York Trust Company, N.A., 600 17th Street South, Suite 2800, Denver, Colorado 80202-5428, as Paying Agent, 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; and payment of the semi-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.

This Series 2006 Bond is one of the Special Assessment Bonds, Series 2006 of the Issuer (the "Series 2006 Bonds") limited to the aggregate principal amount of \$294,000 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 the 12th day of September, 2006 (the "Bond Resolution"), for the purpose of (a) reimbursing the Issuer for costs advanced for installing concrete sidewalks, sidewalk access ramps, driveways, curb, gutter, roadway pavement, street lighting, traffic signals, drainage facilities and landscaping other miscellaneous work necessary to complete the improvements in a proper workmanlike manner (the "Improvements"), and (b) paying issuance expenses incurred in connection with the issuance of the Series 2006 Bonds.

The Bank of New York Trust Company, N.A. is the initial bond registrar and paying agent with respect to the Series 2006 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 Series 2006 Bond and the interest thereon shall be made from, and as security for such payment there is pledged the Special Assessment Fund of Salt Lake City, Utah Special Assessment Bonds, Series 2006 for the Salt Lake City, Utah 900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004 (the "District"), containing the receipts derived by the Issuer from the regular assessments levied upon the property included in the District by the Assessment Ordinance adopted by the Issuer, which ordinance became effective on the 13th day of June, 2006 (the "Assessment Ordinance"), for the purpose of paying the costs of 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 in effect prior to the issuance hereof.

The Series 2006 Bonds are subject to redemption in whole or in part at any time at par plus accrued interest prior to maturity on any business day upon thirty (30) days written notice from the Issuer to the Bond Registrar who shall give twenty (20) days written notice to the Bondholders.

It is hereby certified that a Special Improvement Guaranty Fund has been created by ordinance as authorized by Utah statutes, and the Issuer agrees that at all times during the life of this Series 2006 Bond and until payment thereof in full, said fund shall be at all times maintained as required by ordinance. This Series 2006 Bond is not a general obligation of the Issuer but is payable exclusively out of said Special Assessment Fund and said Special Improvement Guaranty Fund. The Issuer shall not be held liable for the payment of this Series 2006 Bond, except to the extent of the funds created and received from said regular assessments and to the extent of its Special Improvement Guaranty Fund; but the Issuer shall be held responsible for the lawful levy of all regular

assessments, for the creation and maintenance of the Special Improvement Guaranty Fund as provided by law, and for the faithful accounting, collection, settlement and payment of the assessments and for the moneys of said fund.

The special assessments made and levied pursuant to the Assessment Ordinance, 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 the effective date of the Assessment Ordinance, 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 general property tax, regular tax, other assessment or the issuance of an auditor's deed.

This Series 2006 Bond is transferable as provided in the Bond Resolution only upon the books of the Issuer kept for that purpose at the principal 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 Series 2006 Bond or Bonds of authorized denominations of the same aggregate principal amount, series, designation, maturity and interest rate as the surrendered Series 2006 Bond, all as provided in the Bond Resolution and upon the payment of the charges therein prescribed. No transfer of this Series 2006 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.

The Series 2006 Bonds are issuable solely in the form of registered Series 2006 Bonds without coupons in the denomination of \$1,000 or any whole multiple thereof.

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 Series 2006 Bond and the issue of Series 2006 Bonds 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 Series 2006 Bond exist, have happened and have been performed and that the issue of Series 2006 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 Improvements in the District, and that all of said special assessment has been lawfully levied.

This Series 2006 Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, SALT LAKE CITY, UTAH, has caused this Series 2006 Bond to be signed in its name and on its behalf by its Mayor and attested by its City Recorder or Deputy City Recorder (the signatures of said Mayor and City Recorder or Deputy City Recorder being by facsimile or manual signature), and has caused its corporate seal or the facsimile of its corporate seal to be impressed or printed hereon, and said officials by the execution hereof adopt as and for their own proper signatures their facsimile signatures appearing on each of the Series 2006 Bonds.

(SEAL) _____

By: _____ (Do Not Sign)
Mayor

ATTEST:

By: _____ (Do Not Sign)
City Recorder (or Deputy City Recorder)

CERTIFICATE OF AUTHENTICATION

This Series 2006 Bond is one of the Series 2006 Bonds described in the within-mentioned Bond Resolution and is one of the Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004).

THE BANK OF NEW YORK TRUST
COMPANY, N.A.,
as Bond Registrar

By: _____
Authorized Officer

Date of authentication: _____

ABBREVIATIONS

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

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

UNIF GIFT MIN ACT _____
(Cust.)

Custodian for _____
(Minor)

under Uniform Gifts to Minors Act of _____
(State)

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.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Ratification. All proceedings, resolutions, and actions of the Issuer and its officers taken in connection with the sale and issuance of the Series 2006 Bonds are hereby ratified, confirmed, and approved.

Section 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.

Section 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.

Section 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.

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

ADOPTED AND APPROVED this 12th day of September, 2006.

(SEAL)

By: _____
Chair

ATTEST:

By: _____
Deputy City Recorder

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

The meeting was then adjourned.

(SEAL)

By: _____
Chair

ATTEST:

By: _____
Deputy City Recorder

PRESENTATION TO THE MAYOR

The foregoing resolution was presented to the Mayor for his approval or disapproval on the _____ day of _____, 2006.

By: _____
Chair

MAYORS APPROVAL OR DISAPPROVAL

The foregoing resolution is hereby approved this _____ day of _____, 2006.

By: _____
Mayor

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

I, _____, do hereby certify that I am the duly qualified and acting Deputy City Recorder of Salt Lake City, Utah (the "Issuer"). I further certify that the above and foregoing is a true and correct copy of the minutes of a meeting of the City Council held on the 12th day of September, 2006, including a resolution adopted at said meeting as said minutes and resolution are officially of record and in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and affixed the seal of the Issuer this 12th day of September, 2006.

(SEAL)

By: _____
Deputy City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, _____, the undersigned Deputy City Recorder of Salt Lake 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 52-4-6(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 12th day of September, 2006, public meeting held by the Issuer as follows:

(a) By causing a notice, in the form of a City Agenda attached hereto as Schedule 1, to be posted at the Issuer's offices at 451 South State Street, Salt Lake City, Utah, on the 25th day of August, 2006, 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 the notice, in the form of a City Agenda, attached hereto as Schedule 1, to be delivered to the Deseret News on the 25th day of August, 2006, at least twenty-four (24) hours prior to the convening of the meeting.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this 12th day of September, 2006.

(SEAL)

By: _____
Deputy City Recorder

SCHEDULE 1
NOTICE OF MEETING

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

(See Transcript Document No. __)

\$294,000

SALT LAKE CITY, UTAH
SPECIAL ASSESSMENT BONDS
SERIES 2006
(900 SOUTH, MAIN STREET TO 900 WEST, STREET IMPROVEMENTS
SPECIAL IMPROVEMENT DISTRICT NO. 102004)

Bond Purchase Agreement

September 12, 2006

Salt Lake City Corporation
City & County Building
451 South State Street
Salt Lake City, Utah 84111

The undersigned, Zions First National Bank (the "Purchaser"), offers to purchase from Salt Lake City, Utah (the "Issuer"), all (but not less than all) of the \$294,000 Salt Lake City, Utah Special Assessment Bonds, Series 2006 (900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004) (the "Bonds") issued with respect to the Salt Lake City, Utah 900 South, Main Street to 900 West, Street Improvements Special Improvement District No. 102004 (the "District") of the Issuer (the "Bonds"), with delivery and payment at the offices of Ballard Spahr Andrews & Ingersoll, LLP in Salt Lake City, Utah, based upon the covenants, representations, and warranties set forth below. This offer is made subject to your acceptance of this Bond Purchase Agreement (the "Purchase Agreement") on or before 11:59 p.m., Utah time, on the date hereof.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Purchaser, the Bonds. Exhibit A, which is hereby incorporated by reference into this Purchase Agreement, contains a brief description of the Bonds, the manner of their issuance, the purchase price to be paid, and the expected date of delivery and payment (the "Closing").

2. You represent and covenant to the Purchaser that (a) you have and will have at the Closing the power and authority to enter into and perform this Purchase Agreement, to adopt the Resolution dated September 12, 2006 (the "Resolution"), and to deliver and sell the Bonds to the Purchaser, (b) this Purchase Agreement and the Bonds do not and will not conflict with or create a breach or default under any existing law, regulation, order, or agreement to which the Issuer is subject, (c) no governmental approval or authorization other than the Resolution is required in connection with the sale of the Bonds to the Purchaser, (d) this Purchase Agreement and the Bonds are and shall be at the time of the Closing legal, valid, and binding obligations of the Issuer enforceable in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, or other similar laws generally affecting creditors' rights, (e) no

litigation in the State of Utah or federal courts has been served on the Issuer or, to the knowledge of the Issuer, is threatened against or affecting the Issuer or affecting the corporate existence of the Issuer or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the sale, issuance, or delivery of the Bonds or in any way contesting or affecting the transactions contemplated hereby or the validity or enforceability of the Bonds, the Resolution, or this Purchase Agreement, or contesting the powers of the Issuer or any authority for the issuance, sale and delivery of the Bonds, the adoption of the Resolution, or the execution and delivery of this Purchase Agreement.

3. As conditions to the Purchaser's obligations hereunder:

(a) From the time of the execution and delivery of this Purchase Agreement to the date of Closing, there shall not have been any (i) material adverse change in the financial condition or general affairs of the Issuer; (ii) event, court decision, proposed law, or rule which may have the effect of changing the federal income tax incidents of the Bonds or the interest thereon or the contemplated transaction; or (iii) international or national crisis, suspension of stock exchange trading, or banking moratorium materially affecting, in the Purchaser's opinion, the market price of the Bonds.

(b) At the Closing, the Issuer will deliver or make available to the Purchaser:

(i) The Bonds, in definitive form, duly executed;

(ii) A certificate from authorized officers of the Issuer, in form and substance acceptable to the Purchaser, to the effect that the representations and information of the Issuer contained in this Purchase Agreement delivered to us with respect to the Issuer are true and correct when made and as of the Closing;

(iii) Acknowledgment of the costs of issuance budget with respect to the issuance of the Bonds;

(iv) The approving opinion of Ballard Spahr Andrews & Ingersoll, Bond Counsel, satisfactory to the Purchaser, dated the date of Closing, relating to the legality and validity of the Bonds and the excludability of interest on the Bonds from gross income of the holders thereof for federal income tax purposes;

(v) Such additional certificates, instruments, and other documents (including, without limitation, those set forth on Exhibit A, if any) as the Purchaser may deem necessary with respect to the issuance and sale of the Bonds, all in form and substance satisfactory to the Purchaser.

4. The Issuer will pay the cost of the fees and disbursements of counsel to the Issuer and of Bond Counsel and the cost of preparing and printing the Bonds.

5. This Purchase Agreement is intended to benefit only the parties hereto, and the Issuer's representations and warranties shall survive any investigation made by or for the Purchaser, the delivery, and payment for the Bonds, and the termination of this Purchase Agreement.

6. **REPRESENTATION REGARDING ETHICAL STANDARDS FOR OFFICERS AND EMPLOYEES OF THE ISSUER AND FORMER OFFICERS AND EMPLOYEES OF THE ISSUER:** The Purchaser represents that it has not: (1) provided an illegal gift or payoff to an officer or employee of the Issuer or former officer or employee of the Issuer, or his or her relative or business entity; (2) retained any person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, other than bona fide employees or bona fide commercial selling agencies for the purpose of securing business; (3) knowingly breached any of the ethical standards set forth in the Issuer's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (4) knowingly influenced, and hereby promises that it will not knowingly influence, an officer or employee of the Issuer or former officer or employee of the Issuer to breach any of the ethical standards set forth in the Issuer's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

Sincerely,

ZIONS FIRST NATIONAL BANK

By: _____

Its: _____

(SEAL)

ACCEPTED ON BEHALF OF:

SALT LAKE CITY, UTAH

By: _____
Mayor

ATTEST AND COUNTERSIGN:

By: _____
Deputy City Recorder

EXHIBIT A

DESCRIPTION OF BONDS

1. Issue Size: \$294,000
2. Purchase Price: \$294,000
3. Purchaser's Fee: \$0
4. Accrued Interest: \$0
5. Principal Payment Date: June 1
6. Interest Payment Date: June 1 and December 1
7. Interest Rate: See below
8. Maturity Date: June 1, 2016
9. Dated Date: September 20, 2006
10. Form: Registered Bonds
11. Closing Date: September 20, 2006
12. Redemption: The Bonds are subject to optional redemption as described in Section 2.6 of the Bond Resolution
- 13.

Maturity Date

(June 1)

Amount

Interest Rate

2007	\$27,000	4.77%
2008	24,000	4.77
2009	26,000	4.77
2010	27,000	4.77
2011	28,000	4.77
2012	29,000	4.77
2013	31,000	4.77
2014	32,000	4.77
2015	34,000	4.77
2016	36,000	4.77