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# SALT LAKE CITY COUNCIL STAFF REPORT

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DATE: August 10, 2010

SUBJECT: Resolution: \$12 million Revenue Bonds, Series 2010  
Sewer Line Improvements

STAFF REPORT BY: Lehua Weaver

CC: David Everitt, Jeff Niermeyer, Tom Ward, Jim Lewis, Rusty Vetter,  
Dan Mulé

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As discussed during the annual budget, the Department of Public Utilities plans to bond for up to \$12 million for utility improvements. The primary project is the Orange Street Sewer Main rehabilitation.

On August 10, the Council will receive a briefing and consider adopting the parameters resolution establishing the details of the bond sale. This resolution adoption also sets the date of September 14, 2010 for a hearing prior to finalizing approval for the bond issuance.

## MOTION

In addition to the briefing, the Council will also take action on the parameters resolution and setting a date for a September 14 Public Hearing. Bond Counsel has provided the following motion language:

*"[I move that the Council] Adopt a resolution that authorizes the issuance and sale of up to \$12,000,000 aggregate principal amount of the City's water and sewer revenue bonds to finance all or a portion of certain improvement, facilities and property that will be part of the City's water, sewer and stormwater system; provides for a public hearing on September 14, 2010 and provides for related matters.*

## KEY ELEMENTS

- Project Information:
  - The primary project funded by the bond will be the rehabilitation of the 48-inch Orange Street Sewer Main from Orange Street (1700 West) and North Temple to the pre-treatment pump station across Rose Park Golf Course past 1700 North Redwood Road.
    - Estimated budget: \$10 million
    - The project will be "trenchless," using a 'cured-in-place' pipe liner. This is a new method of rehabilitating the sewer main, and significantly reduces the amount of construction along the line.
    - This project is a priority because of the condition of the sewer main - evidenced by two emergency repairs in the past year, and a comprehensive study as part of the recent sewer master plan.
  - The bond language is broad enough that if the Orange Street project is less than the amount budgeted, the funding could be used toward other utility projects.

- Bonding Information:

- The Administration plans to issue “Build America Bonds” for this project. The Council may recall that during an April discussion about Public Safety Building bonds, the Administration introduced information about “Build America Bonds.”
- The bonds are taxable and the rate is comparatively higher, but the issuer (the City) receives an interest rebate from this program. (Please see the attached April memo from Chapman & Cutler providing details of the Build America Bonds.)
- The bonds cover eligible capital costs, including design and engineering.
- Public Utilities estimates that the annual repayment amount will be \$740,000 for 20 years. This amount factors in the rebate, and the final effective interest rate will be around 4%.
- The Administration will apply for the rebate annually, following the terms and processes outlined as part of the program.
- The availability of the Build America Bonds, with the current rebate structure, is set to expire on January 1, 2011. If the City sells these bonds prior to that date, the terms are set.

- Council Action Timeline:

August 10	Council Briefing, Adoption of the Parameters Resolution, Setting the Date for the Public Hearing
September 14	Council Public Hearing 30 Days of Comment Period
October (TBD)	Council take action on the Bond Resolution & Purchase Agreement
October (end)	Official Bond Closing (Administration)

## QUESTIONS FOR CONSIDERATION

1. *If the Orange Street main does not use the full \$12 million bond, the Council may wish to ask what other projects are next.*
2. *The Build America Bonds have some detailed compliance requirements to qualify for the rebate. If the project is not properly qualified, the City may no longer receive the rebate, but the bonds would continue at the same taxable rate. The Council may wish to ask for a reminder of what other risks are associated with this bonding option.*

MEMORANDUM

TO: Salt Lake City, Utah

FROM: Chapman and Cutler LLP

DATE: April 7, 2010

RE: Qualified Build America Bonds

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In February, 2009, as part of the American Recovery and Reinvestment Act of 2009 (the "Act"), Congress enacted Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), permitting a state or local government to issue a new type of taxable obligation called Build America Bonds to finance governmental projects. The interest on Build America Bonds is included in the income of the holders thereof for federal income tax purposes.

The Act permits two types of alternative interest subsidies by the federal government: (a) the issuer of a Build America Bond that is a qualified bond may elect to receive a payment directly from the Secretary of the Treasury (the "Secretary") equal to 35% of the interest on the bond or (b) if an obligation is not a qualified bond or the issuer does not elect to receive a payment with respect to a qualified bond, a holder of a Build America Bond will receive a tax credit if the holder owns the Build America Bond on the interest payment dates for such bonds. This memorandum focuses on the requirements for and the issues surrounding qualified Build America Bonds ("*Qualified BABs*") for which the issuer has elected to receive a subsidy from the Secretary.

**REQUIREMENTS FOR QUALIFIED BABS**

*1. Satisfy Requirements for Tax-Exempt Bonds.* Although they are taxable, Build America Bonds must meet the requirements applicable to tax-exempt obligations, with certain modifications. The issuer must make an election to treat the bonds as Build America Bonds and the bonds must be issued before January 1, 2011.

*2. Limitation on Original Issue Premium.* Original issue premium on a Build America Bond cannot exceed a de minimis amount. Generally, the premium is de minimis if it does not exceed 0.25% multiplied by the number of complete years to maturity of the bonds (or, if earlier, the optional redemption date of the bond that results in the lowest yield on the bond) multiplied by the stated redemption price at maturity of the bond. It is important to note that the premium is calculated on the issue price of the maturity at which a substantial amount of the bonds of the maturity are in fact sold. This is different from the arbitrage rules, where a reasonable expectation test can be applied. As is discussed below, the Internal Revenue Service (the "IRS") has focused on the determination of the issue price for determining premium.

3. *Capital Expenditure Requirement.* A Build America Bond is a Qualified BAB if 100% of the available project proceeds are used for capital expenditures or to fund a reasonably required reserve. Available project proceeds generally consist of the proceeds from the sale of the issue (and investment earnings thereon) less up to 2% of the lesser of par or the issue price that can be used to pay costs of issuance, including bond insurance premiums. Generally speaking, a capital expenditure is the cost of an asset that lasts for more than one year. Costs of land acquisition are normally capital expenditures, as are costs of building a building or a road or buying furniture or equipment with a life longer than a year. "Soft costs" such as architects and engineering fees that are directly tied to a capital construction project are generally capital expenditures as well.

4. *Receiving the Interest Subsidy.* Issuers of Qualified BABs must submit Forms 8038-CP to request subsidy payments. For a fixed interest rate bond, a Form 8038-CP must be filed for each interest payment date no later than the date that is 45 days before the relevant interest payment date, but may not be submitted earlier than 90 days before the relevant interest payment date. For a variable interest rate bond, an issuer must total all subsidy payments on a quarterly basis and file a Form 8038-CP for each quarter for reimbursement in arrears no later than the date that is 45 days after the last interest payment date for the quarterly period for which reimbursement is being requested. The IRS has indicated that late filed forms will be processed; however, the subsidy may not be paid by the applicable interest payment date.

#### ISSUES SURROUNDING BUILD AMERICA BONDS AND QUALIFIED BABS

a. *Post-Issuance Compliance Check Questionnaire.* The IRS has indicated that it will send a post-issuance compliance questionnaire to each issuer of Build America Bonds. Attached as *Exhibit A* is a copy of the current Direct Pay Bonds Compliance Check Questionnaire. Once received, issuers should respond to the Questionnaire. As can be seen from the attached Questionnaire, the IRS is checking with issuers to see, among other things, what types of procedures issuers have instituted to ensure compliance with the Build America Bonds provisions. While the Tax Compliance Certificate and Agreement prepared by Chapman and Cutler LLP in connection with the issuance of Build America Bonds constitutes a form of written procedures, we recommend that issuers develop other internal procedures to monitor post-compliance (including arbitrage, private activity and remedial actions).

b. *Risk of Non-Compliance.* In the event an issuer does not comply with the requirement for Qualified BABs, the bonds would no longer be considered Qualified BABs and the issuer would no longer receive the subsidy payment from the Secretary, but the bonds would remain outstanding and bear interest at a taxable rate. Also, while there is currently no guidance on the point, in the event of a controversy regarding compliance Qualified BABs requirements, it is possible that the Secretary may withhold subsidy payments until the controversy is resolved.

c. *Funding of Debt Service Reserve Requirement.* Currently there is no guidance from Congress or the IRS regarding the proper sizing of a debt service reserve requirement for Qualified BABs. For tax-exempt bonds, the debt service reserve requirement is generally the lesser of (i) 100% of the maximum annual debt service on the bonds, (ii) 125% of the average

debt service on the bonds or (iii) 10% of the principal amount or issue price of the bonds. For determining the maximum annual debt service or the average debt service on Qualified BABs, it is not clear at this point if the debt service should be determined net of subsidy payments, which would result in a smaller debt service reserve requirement. If the IRS requires the debt service reserve requirement be determined based on debt service net of the subsidy payment and rating agencies require that the debt service reserve requirement be sized by ignoring the subsidy, issuers may be required to deposit additional monies (not Qualified BABs proceeds) in order to satisfy the debt service reserve requirement.

*d. Issue Price.* Question #2 of the Questionnaire probes what actions, if any, the issuer is taking to ensure that the issue price is within the premium limits for Build America Bonds. For purposes of premium compliance, the issue price is the price at which at least 10% of each maturity of the bonds are sold to the public. The public is defined as a party who is not acting in the capacity of an underwriter or broker (an "Intermediary"). If 10% of a maturity has not been sold to the public at an issue price of less than par plus allowable premium, any Intermediary who purchases such maturity may only resell such maturity at a price below the premium limits for Build America Bonds. If Build America Bonds are sold at a price in excess of par plus the allowable premium prior to establishing the issue price certain remedial actions may be necessary.

*e. Advance Refunding Considerations.* At this point in time there has been no guidance given by Congress or the IRS as to the advance refunding of Qualified BABs; *provided, that*, Qualified BABs cannot be used to refund (either as an advance refunding or a current refunding) any outstanding bonds. Further guidance may be required prior to advance refunding any Qualified BAB.

*f. Structuring of Debt Service Payments.* Because there is no guarantee that the interest subsidy will be received prior to the interest payment date, the issuer of Qualified BABs will need to ensure that sufficient funds are on hand to make the initial interest payment. Thereafter the subsidy received can be used to off subsequent interest payments.

*g. Offset.* The amount of the subsidy Qualified BABs may be offset by any amount that the issuer may owe to the federal government. There is a chance that the Secretary can withhold subsidy payments for amounts that the federal government considers is owed to it, even if the amounts are being disputed by the issuer. The offset can be automatic for certain payments and is tied to an issuers employer identification number.

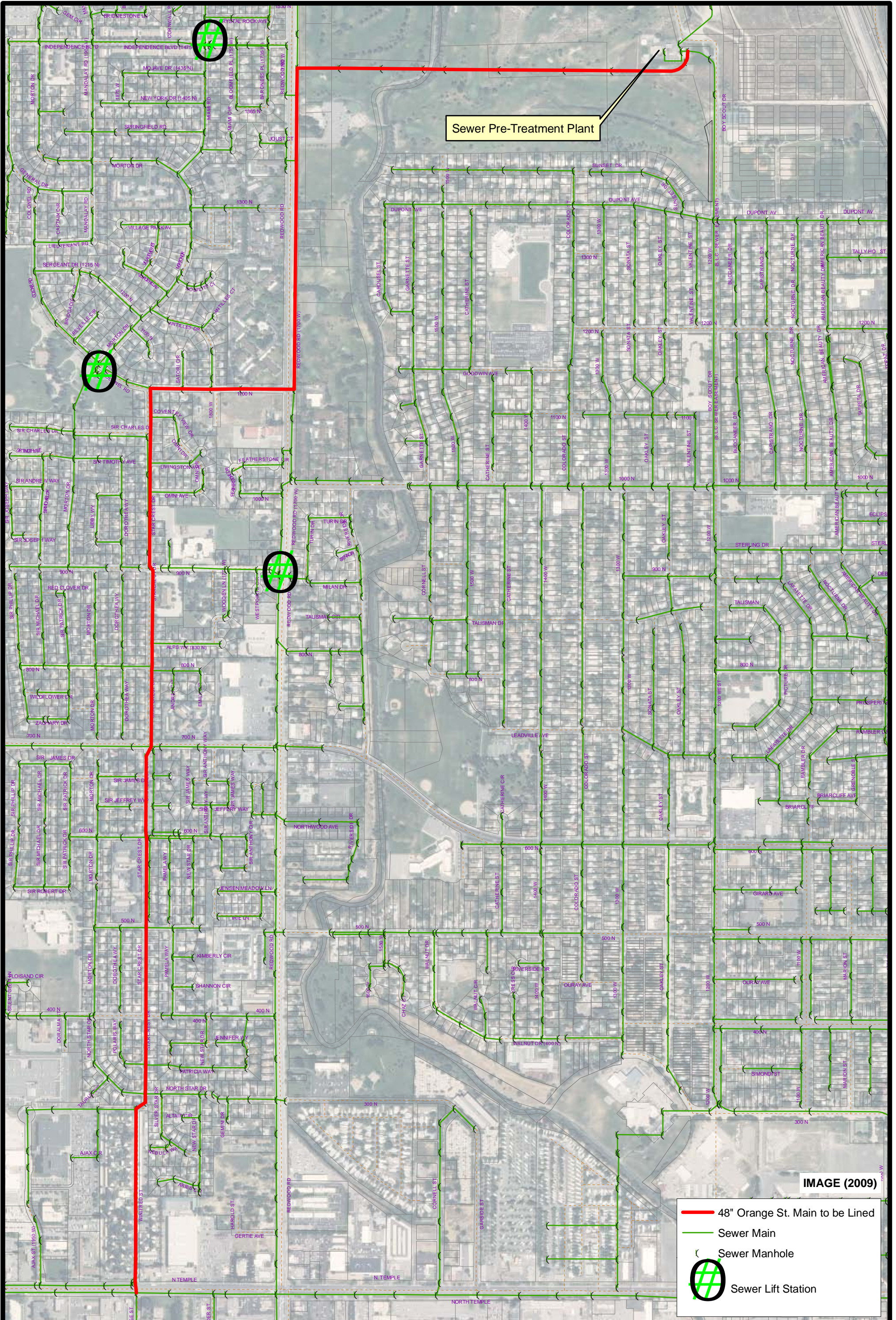
#### PENDING LEGISLATION

While the Build America Bond program is set to expire at the end of this year, there is legislation pending in Congress that, if passed, would continue the program in some form.

**EXHIBIT A**

**CURRENT IRS DIRECT PAY BONDS COMPLIANCE CHECK QUESTIONNAIRE**





Sewer Pre-Treatment Plant

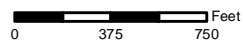
IMAGE (2009)

- 48" Orange St. Main to be Lined
- Sewer Main
- Sewer Manhole
- Sewer Lift Station



Wednesday, August 04, 2010  
 File: O:\Arcview\arcgis Projects\orange\_st\_48in\_rehab.mxd  
 Prepared By: Brandon Arnold  
 Salt Lake City Public Utilities  
 G.I.S. Division

## Orange Street Sewer Main Rehab





JEFFRY T. NIERMEYER  
DIRECTOR

# SALT LAKE CITY CORPORATION

DEPARTMENT OF PUBLIC UTILITIES  
WATER SUPPLY AND WATERWORKS  
WATER RECLAMATION AND STORMWATER

SCANNED TO: Mayor  
SCANNED BY: JT  
DATE: 7/22

RALPH BECKER  
MAYOR

## CITY COUNCIL TRANSMITTAL

# RECEIVED

JUL 22 2010

Salt Lake City Mayor

  
David Everett, Chief of Staff

Date Received: 07/22/2010  
Date sent to Council: 07/26/2010

**TO:** Salt Lake City Council  
J. T. Martin, Chair

**DATE:** July 19, 2010

**FROM:** Jeff Niermeyer, Public Utilities Director



**SUBJECT:** Public Utilities Revenue Bonds, Series 2010, Resolution Authorizing a Public Hearing for the Purpose of Financing the Construction of Sewer Line Improvements.

**STAFF CONTACT:** Jim Lewis, Finance Administrator (483-6773)

**DOCUMENT TYPE:** Briefing/Resolution

**RECOMMENDATION:** 1) That the City Council hold a discussion in anticipation of approving a Parameters Resolution in August for the aforementioned bond issue; 2) That the City Council adopt a *Resolution Authorizing Public Hearing* on August 10, 2010 that will a) authorize a *Notice of Public Hearing* to be published twice prior to the date set for the public hearing; and b) set September 14, 2010 as the date to hold the public hearing.

**BUDGET IMPACT:** Based on preliminary estimates and the current interest rate environment, annual debt service costs would average \$740,000 per year for 20 years.

**BACKGROUND/DISCUSSION:** In accordance with provisions of the Local Government Bonding Act, the City is required to hold a public hearing to receive input from the public with respect to: a) the issuance of our revenue bonds; and b) the potential economic impact that the Project will have on the private sector. The financing team is requesting that the City Council approve a motion on August 10, 2010 setting Tuesday, September 14, 2010 as the date to hold the public hearing. A *Notice of Public Hearing* is required to be published once a week for two consecutive weeks, with the first publication being at least 14 days prior to the date set for the public hearing.

The Parameters Resolution for the above-referenced bond issue will contemplate the issuance of up to \$12 million principal amount of bonds bearing interest at a rate not to



exceed 7% and maturing in not more than 21 years. The Parameters Resolution is scheduled for adoption on September 14, 2010.

Attached is the draft of the *Resolution Authorizing Public Hearing*.

Attachment

cc: Daniel A. Mulé, Jim Lewis

RESOLUTION NO. \_\_\_ OF 2010

A Resolution authorizing the issuance of not more than \$12,000,000 aggregate principal amount of Water and Sewer Revenue Bonds of Salt Lake City, Utah, fixing the maximum aggregate principal amount of the bonds, the maximum number of years over which the bonds may mature, the maximum interest rate which the bonds may bear and the maximum discount from par at which the bonds may be sold; authorizing the publication of a Notice of Bonds to Be Issued; providing for the publication of a Notice of Public Hearing and the holding of a public hearing; and related matters.

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WHEREAS, the City Council (the "*City Council*") of Salt Lake City, Utah (the "*City*") considers it desirable and necessary and for the benefit of the City and the users of the water, sewer and stormwater system of the City (the "*System*") to issue its water and sewer revenue bonds, in one or more series (the "*Bonds*"), for the purpose of (a) financing certain improvements, facilities and property that will be part of the System, including, but not limited to the replacement of the Orange Street sewer trunk line and various other sewer improvements (the "*Project*"), (b) funding any necessary reserves and (c) paying all related costs authorized by law;

WHEREAS, pursuant to the applicable provisions of the Local Government Bonding Act, Title 11, Chapter 14 Utah Code Annotated 1953, as amended (the "*Act*"), the City has the authority to issue its water and sewer revenue bonds for the foregoing purposes;

WHEREAS, Section 11-14-316 of the Act provides for the publication of a Notice of Bonds to Be Issued (the "*Notice of Bonds to Be Issued*") and the running of a 30-day contest period, and the City desires to cause the publication of such Notice of Bonds to be Issued at this time in compliance with said section with respect to the Bonds;

WHEREAS, Section 11-14-318 of the Act requires that a public hearing be held to receive input from the public with respect to the issuance of the Bonds and the potential economic impact that the Project will have on the private sector, and that notice of such public hearing be given, and, in satisfaction of such requirement, the City desires to publish a Notice of Public Hearing and Intent to Issue Water and Sewer Revenue Bonds (the "*Notice of Public Hearing*") pursuant thereto;

WHEREAS, all or a portion of the expenditures relating to the Project (the "*Expenditures*") (a) have been paid from the water, sewer and stormwater enterprise fund (the "*Fund*") within the sixty days prior to the passage of this Resolution or (b) will be paid from the Fund on or after the passage of this Resolution; and



WHEREAS, the City desires (a) to provide for the holding of a public hearing and (b) to direct the publication of (i) the Notice of Bonds to Be Issued, and (ii) the Notice of Public Hearing in compliance with the applicable sections of the Act;

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

*Section 1. Bonds to Be Issued; Authorization; Purpose.* The City Council hereby finds and determines that it is desirable and necessary and for the benefit of the City and the users of the System for it to issue the Bonds, in one or more series, in an aggregate principal amount not to exceed \$12,000,000 to mature over a period not to exceed 21 years from their date or dates, to bear interest, on a taxable or tax-exempt basis, at a rate or rates not to exceed 7.00% per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 2.00%, of the principal amount thereof, pursuant to (a) one or more resolutions to be adopted and approved by the City in substantially the form attached hereto as *Annex 1* (the "*Final Bond Resolution*"), authorizing the issuance and confirming the sale of the Bonds, to be adopted by the City Council at a future date, (b) the Master Trust Indenture, dated as of January 1, 2004, as heretofore amended and supplemented (the "*Master Indenture*"), between the City and U.S. Bank National Association, as trustee (the "*Trustee*"), a copy of which is attached hereto as *Annex 2*, and (c) one or more supplemental trust indentures (the "*Supplemental Indenture*" and together with the Master Indenture, the "*Indenture*"), between the City and the Trustee, to be entered into at the time of issuance of the Bonds in substantially the form attached hereto as *Annex 3*. The Bonds shall be subject to such optional and mandatory redemption and other provisions as are contained in the final form of the Bonds and the Indenture.

Therefore, the City hereby declares its intention to issue, and hereby authorizes and approves the issuance of, the Bonds according to the provisions of this resolution (the "*Resolution*"), the Final Bond Resolution and the Indenture for the purpose of (a) financing the Project and (b) paying all related costs authorized by law; *provided* that the principal amount, interest rate or rates, maturity or maturities, and discount shall not exceed the maximums set forth in this Section 1.

*Section 2. Notice of Bonds to Be Issued; Contest Period.* In accordance with the provisions of Sections 11-14-316 of the Act the City Recorder or any Deputy City Recorder of the City (the "*City Recorder*") shall cause a Notice of Bonds to Be Issued in substantially the form attached hereto as *Annex 4*, to be published one time in *The Salt Lake Tribune* and the *Deseret News*, each a newspaper of general circulation in the City, and shall cause a copy of this Resolution, together with the annexes hereto, to be kept on file in the City Recorder's office for public examination during the regular business hours of the City Recorder for at least thirty (30) days after the date of such publication set forth below. All actions previously taken by the City Recorder and other officers, employees and agents of the City to cause such publication are hereby ratified, confirmed and approved.

For a period of thirty (30) days from and after publication of the Notice of Bonds to Be Issued any person in interest shall have the right to contest the legality of this Resolution (including the Final Bond Resolution and the Supplemental Indenture), or the Bonds hereby

authorized or any provisions made for the security and payment of the Bonds. After such time, no one shall have any cause of action to contest the regularity, formality or legality of this Resolution (including the Final Bond Resolution and the Supplemental Indenture) or the Bonds or any provisions made for the security and payment of the Bonds for any cause.

*Section 3. Public Hearing.* In satisfaction of the requirements of Section 11-14-318 of the Act, a public hearing shall be held by the City Council on Tuesday, September 14, 2010, during the regular City Council meeting which begins at 7:00 p.m., at the regular meeting place of the City Council, in the Council Chambers, Room 315 in the City and County Building, 451 South State Street, in Salt Lake City, Utah, to receive input from the public with respect to the issuance by the City of the Bonds and the potential economic impact that the Project will have on the private sector.

*Section 4. Publication of Notice of Public Hearing.* In accordance with the requirements of Section 11-14-318, the City Recorder shall cause a Notice of Public Hearing in substantially the form attached hereto as *Annex 5*, to be (a) published in *The Salt Lake Tribune* and the *Deseret News*, each a newspaper having general circulation in the City and in which notices relative to the City are customarily published, once a week for two consecutive weeks, with the first publication being at least fourteen days prior to the date set for the public hearing, and (b) posted on the Utah Public Notice Website, at least fourteen days before the date set for the public hearing.

*Section 5. Reimbursement of Expenditures.* The City reasonably expects to reimburse the Fund for the Expenditures from the proceeds of the Bonds.

*Section 6. Ratification.* All proceedings, resolutions and actions of the City and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved.

*Section 7. Appointment of Bond Counsel.* Chapman and Cutler LLP is hereby appointed as bond counsel for the Bonds.

*Section 8. Severability.* It is hereby declared that all parts of this Resolution are severable, and if any section, paragraph, clause or provision of this 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, paragraphs, clauses or provisions of this Resolution.

*Section 9. Conflict.* All resolutions, orders and regulations or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

*Section 10. Effective Date.* This Resolution shall be in full force and effect immediately upon its adoption.



ADOPTED and APPROVED by the City Council and Mayor of Salt Lake City, Utah, this 17th day of August, 2010.

SALT LAKE CITY, UTAH

By \_\_\_\_\_  
Chair  
Salt Lake City Council

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Deputy City Recorder

[SEAL]

APPROVED:

By \_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

By \_\_\_\_\_  
Senior City Attorney

**ANNEX 1**

[ATTACH FORM OF FINAL BOND RESOLUTION]



**ANNEX 2**

[ATTACH COPY OF MASTER TRUST INDENTURE]

**ANNEX 3**

[ATTACH FORM OF SUPPLEMENTAL TRUST INDENTURE]



## ANNEX 4

### NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 11-14-316, Utah Code Annotated 1953, as amended, that on August 17, 2010, the City Council (the "*City Council*") of Salt Lake City, Utah (the "*City*"), adopted a resolution (the "*Resolution*") in which it authorized the issuance of the City's water and sewer revenue bonds, in one or more series (the "*Bonds*"), in an aggregate principal amount of not to exceed \$12,000,000, to mature in not more than 21 years from their date or dates, to bear interest, on a taxable or tax-exempt basis, at a rate or rates not to exceed 7.00% per annum and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 2.00%. The Bonds shall be subject to such optional and mandatory redemption and other provisions as are contained in the Master Trust Indenture, the final form of the Bonds and the Supplemental Indenture, each described below.

The Bonds are to be issued and sold by the City pursuant to (a) the Resolution, (b) one or more final bond resolutions to be adopted by the City Council of the City at a future date (the "*Bond Resolution*"), (c) the Master Trust Indenture, dated as of January 1, 2004, as heretofore amended and supplemented (the "*Master Indenture*"), between the City and U.S. Bank National Association, as trustee (the "*Trustee*"), and (d) one or more supplemental trust indentures, each between the City and the Trustee (the "*Supplemental Indenture*"); *provided* that the principal amount, interest rate or rates, maturity or maturities and discount will not exceed the maximums set forth above. The Supplemental Indenture will be entered into by the City at a future date prior to the issuance of the Bonds.

Pursuant to the Resolution, the Bonds are to be issued for the purpose of (a) financing certain improvements, facilities and property that will be part of the City's water, sewer and stormwater system, including, but not limited to the replacement of the Orange Street sewer trunk line and various other sewer improvements (the "*Project*") and (b) paying all related costs authorized by law. The Bonds are payable from the water, sewer, stormwater and other revenues, and funds pledged therefor pursuant to the Master Indenture.

A copy of the Resolution is on file in the office of the City Recorder of the City, located in Room 415, City and County Building, 451 South State Street in Salt Lake City, Utah, where it may be examined during regular business hours of the City Recorder from 8:00 a.m. to 5:00 p.m. The Resolution (including the Master Indenture and drafts of the final bond resolution and the Supplemental Indenture) shall be so available for inspection for a period of at least 30 days from and after the date of the publication of this Notice.

NOTICE IS FURTHER GIVEN that, pursuant to law, for a period of 30 days from and after the date of the publication of this Notice, any person in interest shall have the right to contest the legality of the above-described Resolution (including the final bond resolution and the Supplemental Indenture) of the City or the Bonds authorized thereby or any provisions made for the security and payment of the Bonds. After such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED this 17th day of August, 2010.

SALT CITY, UTAH

By \_\_\_\_\_  
Deputy City Recorder

## ANNEX 5

### SALT LAKE CITY, UTAH NOTICE OF PUBLIC HEARING AND INTENT TO ISSUE WATER AND SEWER REVENUE BONDS

PUBLIC NOTICE IS HEREBY GIVEN that on August 17, 2010, the City Council (the "*City Council*") of Salt Lake City, Utah (the "*City*") adopted a resolution (the "*Resolution*"), calling a public hearing to receive input from the public with respect to the issuance of its water and sewer revenue bonds, in one or more series (the "*Bonds*"), financing certain improvements, facilities and property that will be part of the City's water, sewer and stormwater system, including, but not limited to the replacement of the Orange Street sewer trunk line and various other sewer improvements (the "*Project*"), and the potential economic impact that the Project will have on the private sector, pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended.

#### TIME, PLACE AND LOCATION OF PUBLIC HEARING

The City Council will hold a public hearing during its regular City Council meeting beginning at 7:00 p.m. on Tuesday, September 14, 2010. The public hearing will be held at the regular meeting place of the City Council in the Council Chambers, Room 315 in the City and County Building, 451 South State Street, in Salt Lake City, Utah. All members of the public are invited to attend and participate in the public hearing. Prior to the public hearing, written comments may be submitted to the City Council, to the attention of the City Recorder.

#### PURPOSE FOR THE ISSUANCE OF THE BONDS

The City intends to issue the Bonds for the purpose of (1) financing all or a portion of the costs of the acquisition and construction of the Project and (2) paying all related costs authorized by law.

#### MAXIMUM PRINCIPAL AMOUNT OF THE BONDS

The City intends to issue the Bonds in an aggregate principal amount not to exceed \$12,000,000.

#### NO TAXES PROPOSED TO BE PLEDGED

The Bonds are payable from the water, sewer, stormwater and other revenues, and funds pledged therefore and the City does not propose to pledge any taxes for the repayment of the Bonds.



PURPOSE FOR HEARING

The purpose of the hearing is to receive input from the public with respect to the issuance of the Bonds for the purpose of financing all or part of the cost of the Project and the potential economic impact that the Project will have on the private sector.

DATED this 17th day of August, 2010.

SALT LAKE CITY, UTAH

By \_\_\_\_\_  
Deputy City Recorder

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**FIFTH SUPPLEMENTAL TRUST INDENTURE**

**Between**

**SALT LAKE CITY, SALT LAKE COUNTY, UTAH**

**and**

**U.S. BANK NATIONAL ASSOCIATION  
as Trustee**

**Dated as of October 1, 2010**

**\$ \_\_\_\_\_  
SALT LAKE CITY, UTAH  
WATER AND SEWER REVENUE BONDS**

**\$ \_\_\_\_\_  
SERIES 2010A**

**\$ \_\_\_\_\_  
SERIES 2010B  
(FEDERALLY TAXABLE-DIRECT  
PAY-BUILD AMERICA BONDS)**

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THIS FIFTH SUPPLEMENTAL TRUST INDENTURE (the "*Fifth Supplemental Indenture*"), dated as of October 1, 2010, between Salt Lake City, Salt Lake County, Utah, a municipal corporation and political subdivision of the State of Utah (the "*City*"), and U.S. Bank National Association, a national banking association duly organized and qualified under the laws of the United States of America, authorized by law to accept and execute trusts and having an office in Salt Lake City, Utah (the "*Trustee*"):

**WITNESSETH**

**WHEREAS**, the City has entered into a Master Trust Indenture, dated as of January 1, 2004, as amended and supplemented to the date hereof (the "*Master Indenture*" and, together with the Fifth Supplemental Indenture, the "*Indenture*"), with the Trustee;

**WHEREAS**, the City considers it necessary and desirable and for the benefit of the City and the users of the System to issue water and sewer revenue bonds pursuant to the Indenture and as hereinafter provided for the purpose of financing part of the costs of acquiring a project consisting of the acquisition, improvement or extension of improvements, facilities and property that will be a part of the System pursuant to authority contained in the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended;

**WHEREAS**, the Series 2010 Bonds will be authorized, issued and secured under the Indenture on a parity with all other Bonds issued and outstanding from time to time thereunder; and

**WHEREAS**, the execution and delivery of the Series 2010 Bonds and of this Fifth Supplemental Indenture have in all respects been duly authorized and all things necessary to make the Series 2010 Bonds, when executed by the City and authenticated by the Trustee, the valid and binding legal obligations of the City and to make this Fifth Supplemental Indenture a valid and binding agreement have been done;

**NOW, THEREFORE, THIS FIFTH SUPPLEMENTAL INDENTURE WITNESSETH:**

For and in consideration of the mutual covenants herein contained and of the purchase of the Series 2010 Bonds by the Bondholders thereof from time to time, and of the acceptance by the Trustee of the trusts hereby created, and intending to be legally bound hereby, the City has executed and delivered this Fifth Supplemental Indenture, and by these presents does confirm the pledge provided for in the Master Indenture and to further secure the payment of the Series 2010 Bonds and all other Bonds now or hereafter Outstanding under the Indenture does hereby sell, assign, transfer, set over and pledge unto U.S. Bank National Association, as Trustee, its successors and trusts and its assigns forever, all right, title and interest of the City in and to (a) the proceeds of the sale of the Series 2010 Bonds, (b) the Revenues, (c) all moneys held by Trustee in funds and accounts established hereunder, including the investments, if any, thereof, and (d) all other rights hereinafter granted for the future securing of such Series 2010 Bonds.

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

IN TRUST, NEVERTHELESS, FIRST, for the equal and ratable benefit and security of all present and future Bondholders and Security Instrument Issuers without preference, priority, or distinction as to security or otherwise (except as otherwise specifically provided), of any of the Bonds or Security Instrument Repayment Obligations over any of the others by reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever; and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Issuers without preference, priority, or distinction as to lien or otherwise (except as otherwise specifically provided) of any Reserve Instrument Provider over any other Reserve Instrument Provider by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever.

## ARTICLE I

### DEFINITIONS

**Section 101. Definitions.** (a) Except as provided in *subparagraph* (b) of this Section, all defined terms contained in the Master Indenture when used in this Fifth Supplemental Indenture shall have the same meanings as set forth in the Master Indenture.

(b) As used in this Fifth Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following meanings:

“*Average Annual Debt Service*” means, as of the date of calculation and for the Series 2010 Bonds, the total of the Debt Service for such Series 2010 Bonds as computed for each Fiscal Year during which any of the Series 2010 Bonds are Outstanding, divided by the number of such Fiscal Years.

“*Cede*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2010 Bonds pursuant to Section 211 hereof.

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

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking of the City entered into to satisfy the City’s obligations pursuant to Rule 15c2-12(b)(5) adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

“*Dissemination Agency Agreement*” means the Dissemination Agency Agreement, \_\_\_\_\_, between the City and U.S. Bank National Association, relating to the Continuing Disclosure Undertaking.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

*"Fifth Supplemental Indenture"* means this Fifth Supplemental Trust Indenture, dated as of October 1, 2010, between the City and the Trustee.

*"Indenture"* means the Master Indenture as amended and supplemented by this Fifth Supplemental Indenture and as from time to time hereafter amended and supplemented by Supplemental Indentures.

*"Letter of Representations"* means the Blanket Issuer Letter of Representations, dated May 30, 1995, between the City and DTC, relating to a book-entry system for the Bonds and other obligations of the City.

*"Master Indenture"* means the Master Trust Indenture, dated as of January 1, 2004, as heretofore amended and supplemented, between the City and the Trustee, providing for the issuance of water and sewer revenue bonds.

*"Official Statement"* means the Official Statement, dated \_\_\_\_\_, 2010, of the City describing the Series 2010 Bonds and related matters.

*"Participant"* means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository.

*"Purchase Contract"* means the Purchase Contract, dated \_\_\_\_\_, 2010, between the City and the Underwriter, pursuant to which the Series 2010 Bonds are to be sold by the City.

*"Record Date"* means the fifteenth day of the month next preceding any interest payment date.

*"Regulations"* means the Treasury Regulations issued or proposed under Sections 103, 148 or 149 of the Code (26 CFR Part 2) or other Sections of the Code relating to *"arbitrage bonds"* or rebate, including without limitation Sections 1.103-13, 1.103-14, 1.103-15 and 1.103-15AT, and includes amendments thereto or successor provisions.

*"Series 2010 Bonds"* means, collectively, the Series 2010A Bonds and Series 2010B Bonds.

*"Series 2010A Bonds"* means the City's Water and Sewer Revenue Bonds, Series 2010A, issued pursuant to this Fifth Supplemental Indenture.

*"Series 2010B Bonds"* means the City's Water and Sewer Revenue Bonds, Series 2010B (Federally Taxable-Direct Pay-Build America Bonds), issued pursuant to this Fifth Supplemental Indenture.

*"Series 2010A Bond Service Subaccount"* means the Series Subaccount in the Bond Service Account established in Section 305.



“*Series 2010B Bond Service Subaccount*” means the Series Subaccount in the Bond Service Account established in Section 305.

“*Series 2010 Debt Service Reserve Requirement*” means the amount, if any, required to be on deposit from time to time in either Series 2010 Debt Service Reserve Subaccount, determined pursuant to the formula provided in Section 307(b).

“*Series 2010A Debt Service Reserve Subaccount*” means the Series Subaccount in the Debt Service Reserve Account established in Section 306.

“*Series 2010B Debt Service Reserve Subaccount*” means the Series Subaccount in the Debt Service Reserve Account established in Section 306.

“*Series 2010 Project*” means the acquisition, improvement or extension of improvements, facilities and property that will be a part of the System and will consist of replacing the Orange Street trunk line and making other improvements to the System.

“*Series 2010 Project Account*” means the Project Account in the Construction Fund established in Section 304.

“*Underwriter*” means \_\_\_\_\_, as purchaser of the Series 2010 Bonds pursuant to the Purchase Contract.

The terms “*hereby*,” “*hereof*,” “*hereto*,” “*herein*,” “*hereunder*,” and any similar terms as used in this Fifth Supplemental Indenture, refer to this Fifth Supplemental Indenture.

**Section 102. Authority for Fifth Supplemental Indenture.** This Fifth Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

## ARTICLE II

### AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2010 BONDS

**Section 201. Authorization of Bonds, Principal Amount, Designation and Series.** In order to provide sufficient funds, together with other available moneys of the City, if any, for the (a) financing of a portion of the Cost of Construction of the Series 2010 Project and (b) paying all expenses properly incidental thereto and to the issuance of the Series 2010 Bonds and in accordance with and subject to the terms, conditions and limitations established in the Indenture, a Series of the City’s Water and Sewer Revenue Bonds is hereby authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ and designated “*Water and Sewer Revenue Bonds, Series 2010A*” and a series of the City’s Water and Sewer Revenue Bonds is hereby authorized to be issued in the aggregate principal amount of \$\_\_\_\_\_ and designated “*Water and Sewer Revenue Bonds, Series 2010B (Federally Taxable–Direct Pay–Build America Bonds)*.”

**Section 202. Finding and Purpose.** The Series 2010 Bonds are hereby authorized to be issued for the purpose of paying part of the Cost of Construction of the Series 2010 Project pursuant to Section 2.03 of the Indenture. Except for the City's \$30,955,000 Water and Sewer Revenue Bonds, Series 2004, the City's \$11,075,000 Water and Sewer Improvement and Refunding Revenue Bonds, Series 2005, \$14,800,000 Water and Sewer Improvement and Refunding Revenue Bonds, \$6,300,000 Taxable Water and Sewer Revenue Bonds, Series 2009 and the Series 2010 Bonds authorized by this Fifth Supplemental Indenture, the City has no outstanding bonds, notes or other obligations issued pursuant to the Indenture, and there are no other outstanding bonds, notes or other obligations payable from Revenues of the System.

**Section 203. Issue Date.** The Series 2010 Bonds shall be dated as of the date of delivery thereof.

**Section 204. Series 2010 Bonds.** (a) The Series 2010A Bonds shall mature on the dates and in the principal amounts and shall bear interest from the date of delivery thereof (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable semi-annually thereafter on February 1 and August 1 in each year, beginning February 1, 2011, at the rates shown below:

FEBRUARY 1 OF THE YEAR	AMOUNT MATURING	INTEREST RATE
	\$	%

(b) The Series 2010B Bonds shall mature on the dates and in the principal amounts and shall bear interest from the date of delivery thereof (calculated on the basis of a 360-day year consisting of twelve 30-day months), payable semi-annually thereafter on February 1 and August 1 in each year, beginning February 1, 2011, at the rates shown below:

FEBRUARY 1  
OF THE YEAR

AMOUNT  
MATURING

INTEREST  
RATE

\$

%

(c) Each Series 2010 Bond shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless it is registered as of an interest payment date, in which event it shall bear interest from the date thereof, or unless it is registered prior to the first interest payment date, in which event it shall bear interest from its date, or unless, as shown by the records of the Trustee, interest on the Series 2010 Bonds shall be in default, in which event it shall bear interest from the date to which interest has been paid in full.

**Section 205. Registered Bonds; Denomination and Numbers.** The Series 2010 Bonds shall be issued solely as fully registered Bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof; provided that no individual Series 2010 Bond shall represent more than one maturity of Series 2010 Bonds. Each of the Series 2010 Bonds shall be numbered from one (1) consecutively upwards with the prefix "R" preceding each number.

**Section 206. Paying Agent.** U.S. Bank National Association, of Salt Lake City, Utah, is hereby appointed the Paying Agent for the Series 2010 Bonds, pursuant and subject to Section 7.02 of the Indenture. Principal of the Series 2010 Bonds when due shall be payable at the principal corporate trust operations office of the Trustee, or of its successor as Paying Agent. Payment of interest on the Series 2010 Bonds shall be made to the registered owner thereof and shall be paid by check or draft mailed on the payment date to the person who is the registered owner of record as of the close of business on the Record Date at his address as it appears on the registration books of the Trustee or at such other address as is furnished in writing by such registered owner to the Trustee prior to the Record Date. In the written acceptance of each Paying Agent referred to in Section 7.02 of the Indenture, such Paying Agent shall agree to take

all action necessary for all representations of the City in the Letter of Representations with respect to the Paying Agent to at all times be complied with.

**Section 207. Optional Redemption; Redemption Price.** (a) The Series 2010 Bonds maturing on or after February 1, 20\_\_, are subject to redemption, in whole or in part, at the election of the City, on any date on or after \_\_\_\_\_, 20\_\_ (if in part, such Series 2010 Bonds to be redeemed shall be selected from such maturities as shall be determined by the City in its discretion and within each maturity as selected by the Trustee), upon notice as provided in Section 4.03 of the Indenture, and at a Redemption Price equal to the principal amount thereof plus accrued interest to the redemption date.

(b) With respect to any notice of optional redemption of Series 2010 Bonds, unless upon the giving of such notice such Series 2010 Bonds shall be deemed to have been paid within the meaning of Article XI of the Indenture, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Series 2010 Bonds to be redeemed, and that if such money shall not have been so received said notice shall be of no force and effect, and the City shall not be required to redeem such Series 2010 Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

(c) In addition to the notice described in Section 4.03 of the Indenture, further notice of any redemption of the Series 2010 Bonds shall be given by the Trustee as set out below, but no defect in such further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in Section 4.03 of the Indenture.

(i) Each further notice of redemption given hereunder shall contain (A) the CUSIP numbers of all Series 2010 Bonds being redeemed; (B) the date of issue of the Series 2010 Bonds as originally issued; (C) the rate of interest borne by each Series 2010 Bond being redeemed; (D) the maturity date of each Series 2010 Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Series 2010 Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date to DTC in accordance with the operating procedures then in effect for DTC, and to all other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Series 2010 Bonds designated to the Trustee by the City, to the Rating Agency and to any other nationally recognized information services as designated by the City to the Trustee.

(iii) Upon the payment of the redemption price of the Series 2010 Bonds being redeemed, each check or other transfer of funds issued for such purpose

shall bear the CUSIP number identifying, by issue and maturity, the Series 2010 Bonds being redeemed with the proceeds of such check or other transfer.

**Section 208. Execution of Series 2010 Bond.** The Series 2010 Bonds shall be executed on behalf of the City by the Mayor by his manual or facsimile signature, and attested and countersigned by the City Recorder by her manual or facsimile signature, and the City's seal shall be affixed or a facsimile thereof shall be imprinted upon the Series 2010 Bonds. The Series 2010 Bonds shall then be delivered to the Trustee and manually authenticated by it. In the case of temporary Series 2010 Bonds delivered pursuant to Section 3.06 of the Indenture, the use of manual signatures by the Mayor and the City Recorder and the affixing of the City's seal are hereby authorized.

**Section 209. Delivery of Series 2010 Bonds.** The Series 2010 Bonds shall be delivered to the Underwriter, upon compliance with the provisions of Section 3.02 of the Indenture, at such time and place as provided in, and subject to, the provisions of the Purchase Contract.

**Section 210. Book-Entry System.** (a) Except as provided in paragraphs (b) and (c) of this Section 210 the Holders of all Series 2010 Bonds and any Additional Bonds or Refunding Bonds designated by the City shall be, and the Series 2010 Bonds shall be registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company, New York, New York (together with any substitute securities depository appointed pursuant to paragraph (c)(ii) of this Section 210, "DTC"). Payment of the interest on any Series 2010 Bond shall be made in accordance with the provisions of this Fifth Supplemental Indenture to the account of Cede on the interest payment dates for the Series 2010 Bonds at the address indicated for Cede in the registration books of the Trustee.

(b) The Series 2010 Bonds shall be initially issued in the form of a separate single, fully registered bond in the amount of each separate stated maturity of the Series 2010 Bonds. Upon initial issuance, the ownership of each such Series 2010 Bond shall be registered in the registration books of the City kept by the Trustee, in the name of Cede, as nominee of DTC. With respect to Series 2010 Bonds so registered in the name of Cede, the City, the Trustee and any Paying Agent shall have no responsibility or obligation to any DTC participant or to any beneficial owner of any of such Series 2010 Bonds. Without limiting the immediately preceding sentence, the City, the Trustee and any Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC participant with respect to any beneficial ownership interest in the Series 2010 Bonds, (ii) the delivery to any DTC participant, beneficial owner or other person, other than DTC, of any notice with respect to the Series 2010 Bonds, including any notice of redemption, or (iii) the payment to any DTC participant, beneficial owner or other person, other than DTC, of any amount with respect to the Principal of, or interest on, any of the Series 2010 Bonds. The City, the Trustee and any Paying Agent may treat DTC as, and deem DTC to be, absolute owner of each Series 2010 Bond for all purposes whatsoever, including (but not limited to) (A) payment of the Principal of, and interest on, each Series 2010 Bond, (B) giving notices of redemption and other matters with respect to such Series 2010 Bonds and (C) registering transfers with respect to such Series 2010 Bonds. So long as the Series 2010 Bonds are registered in the name of Cede & Co., the Paying Agent shall pay the Principal of, and interest on, all Series 2010 Bonds only to or upon the order of DTC, and



all such payments shall be valid and effective to satisfy fully and discharge the City's obligations with respect to such Principal, and interest, to the extent of the sum or sums so paid. Except as provided in paragraph (c) of this Section 210, no person other than DTC shall receive a Series 2010 Bond evidencing the obligation of the City to make payments of Principal of, and interest on, any such Series 2010 Bond pursuant to this Fifth Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions of this Fifth Supplemental Indenture, the word "Cede" in this Fifth Supplemental Indenture shall refer to such new nominee of DTC.

Except as provided in paragraph (c)(iii) of this Section 210, and notwithstanding any other provisions of this Fifth Supplemental Indenture, the Series 2010 Bonds may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.

(c) (i) DTC may determine to discontinue providing its services with respect to the Series 2010 Bonds at any time by giving written notice to the City, the Trustee, and the Paying Agent, which notice shall certify that DTC has discharged its responsibilities with respect to the Series 2010 Bonds under applicable law.

(ii) The City, in its sole discretion and without the consent of any other person, may, by notice to the Trustee, terminate the services of DTC with respect to the Series 2010 Bonds if the City determines that the continuation of the system of book-entry-only transfers through DTC is not in the best interests of the beneficial owners of the Series 2010 Bonds or the City; and the City shall, by notice to the Trustee, terminate the services of DTC with respect to the Series 2010 Bonds upon receipt by the City, the Trustee, and the Paying Agent of written notice from DTC to the effect that DTC has received written notice from DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Series 2010 Bonds to the effect that: (A) DTC is unable to discharge its responsibilities with respect to the Series 2010 Bonds; or (B) a continuation of the requirement that all of the Outstanding Series 2010 Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interests of the beneficial owners of the Series 2010 Bonds.

(iii) Upon the termination of the services of DTC with respect to the Series 2010 Bonds pursuant to subsection (c)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Series 2010 Bonds pursuant to subsection (c)(i) or subsection (c)(ii)(A) hereof the City may within 90 days thereafter appoint a substitute securities depository which, in the opinion of the City, is willing and able to undertake the functions of DTC hereunder upon reasonable and customary terms. If no such successor can be found within such period, the Series 2010 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. In such event, the City shall execute and the Trustee shall authenticate Series 2010 Bond certificates as requested by DTC of like principal

amount, maturity and Series, in authorized denominations to the identifiable beneficial owners in replacement of such beneficial owners' beneficial interest in the Series 2010 Bonds.

(iv) In connection with any notice or other communication to be provided to Holders of Series 2010 Bonds registered in the name of Cede pursuant to this Fifth Supplemental Indenture by the City or the Trustee with respect to any consent or other action to be taken by such Holders, the City shall establish a record date for such consent or other action by such Holders and give DTC notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

**Section 211. Payments to Cede.** Notwithstanding any other provision of this Fifth Supplemental Indenture to the contrary, so long as any Series 2010 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to Principal of and interest on such Series 2010 Bond and all notices with respect to such Series 2010 Bond shall be made and given, respectively, to DTC in the manner provided in the Letter of Representations.

### ARTICLE III

#### APPLICATION OF SERIES 2010 BOND PROCEEDS AND OTHER MONEYS; ESTABLISHMENT AND OPERATION OF ACCOUNTS AND SUBACCOUNTS

**Section 301. Interest During Construction.** The amount to be deposited from the proceeds of the Series 2010 Bonds into the Construction Fund to pay interest on the Series 2010 Bonds estimated to fall due during the period of construction of the Series 2010 Project, as set forth in the Written Certificate of the City estimating the cost of construction of the Series 2010 Projects and the estimated date of completion thereof as required by Section 2.03(c)(1) of the Indenture is \$-0-.

**Section 302. Debt Service Reserve Account.** The amount to be deposited from the proceeds of the Series 2010 Bonds into the Debt Service Reserve Account is \$-0-.

**Section 303. Renewal and Replacement Fund.** The amount to be deposited from the proceeds of the Series 2010 Bonds into the Renewal and Replacement Fund is \$-0-.

**Section 304. Establishment of Series 2010 Project Account.** There is hereby established a Project Account in the Construction Fund designated as the "Series 2010 Project Account." Moneys in the Series 2010 Project Account shall be used for the purposes and as authorized by Section 5.03 of the Indenture to pay the Cost of Construction of the Series 2010 Project.

**Section 305. Establishment of Series 2010 Bond Service Subaccount.** (a) Pursuant to Section 5.06(a) of the Indenture, there is hereby established a separate Series Subaccount in the Bond Service Account in the Principal and Interest Fund designated as the "Series 2010A Bond Service Subaccount." Moneys shall be deposited into and paid from the Series 2010A Bond

Service Subaccount in accordance with Section 5.06 of the Indenture to pay Principal of and interest on the Series 2010A Bonds.

(b) Pursuant to Section 5.06(a) of the Indenture, there is hereby established a separate Series Subaccount in the Bond Service Account in the Principal and Interest Fund designated as the "*Series 2010B Bond Service Subaccount.*" Moneys shall be deposited into and paid from the Series 2010B Bond Service Subaccount in accordance with Section 5.06 of the Indenture to pay Principal of and interest on the Series 2010B Bonds.

**Section 306. Establishment of Series 2010 Debt Service Reserve Subaccount.** (a) Pursuant to Section 5.07(a) of the Indenture, there is hereby established a separate Series Subaccount in the Debt Service Reserve Account designated as the "*Series 2010A Debt Service Reserve Subaccount.*" Moneys shall be deposited into and paid from the Series 2010A Debt Service Reserve Subaccount, if, when and as required by the Indenture, to remedy deficiencies in the Series 2010A Bond Service Subaccount in accordance with Section 5.07 of the Indenture. The Series 2010A Debt Service Reserve Requirement for the Series 2010A Debt Service Reserve Subaccount shall be an amount equal to a percentage of Average Debt Service for the Series 2010A Bonds determined in accordance with Section 5.07(a) of the Master Indenture and Section 307 of this Fifth Supplemental Indenture.

(b) Pursuant to Section 5.07(a) of the Indenture, there is hereby established a separate Series Subaccount in the Debt Service Reserve Account designated as the "*Series 2010B Debt Service Reserve Subaccount.*" Moneys shall be deposited into and paid from the Series 2010B Debt Service Reserve Subaccount, if, when and as required by the Indenture, to remedy deficiencies in the Series 2010B Bond Service Subaccount in accordance with Section 5.07 of the Indenture. The Series 2010B Debt Service Reserve Requirement for the Series 2010B Debt Service Reserve Subaccount shall be an amount equal to a percentage of Average Debt Service for the Series 2010B Bonds determined in accordance with Section 5.07(a) of the Master Indenture and Section 307 of this Fifth Supplemental Indenture.

**Section 307. Determination for Funding the Series 2010 Debt Service Reserve Subaccounts.** (a) Within twenty-five days after the last day of each calendar quarter within each Fiscal Year, the City shall determine the Net Revenues of the System for the twelve-month period ending with such calendar quarter. The City shall cause a Written Certificate of the City evidencing such determination and, if such determination reveals that any Series 2010 Debt Service Reserve Account must be funded, setting forth the schedule of monthly payments required to be made thereto as determined pursuant to this Section, to be furnished to the Trustee within thirty calendar days after the end of each such calendar quarter.

(b) Based on the determination in subsection (a) hereof, the Series 2010 Debt Service Reserve Requirement for each of the Series 2010 Bonds shall be calculated by application of the following table:

PERCENTAGE BY WHICH NET REVENUES  
EXCEEDED AGGREGATE DEBT SERVICE  
FOR THE IMMEDIATELY PRECEDING  
TWELVE-MONTH PERIOD

SERIES 2010 DEBT SERVICE RESERVE  
REQUIREMENT (EXPRESSED AS A  
PERCENTAGE OF AVERAGE DEBT SERVICE  
FOR THE APPLICABLE SERIES 2010 BONDS)

More than 30%	0%
Equal to or less than 30% but more than 25%	30%
Equal to or less than 25% but more than 20%	50%
Equal to or less than 20% but more than 15%	70%
Equal to or less than 15% but more than 10%	90%
Equal to or less than 10%	100%

The Series 2010 Debt Service Reserve Requirement calculated at any given time shall remain unchanged unless (i) the Series 2010 Debt Service Reserve Requirement calculated for any two consecutive calendar quarters thereafter is less than the Series 2010 Debt Service Reserve Requirement pursuant to which the applicable Series 2010 Debt Service Reserve Subaccount is then being funded, in which case the Series 2010 Debt Service Reserve Requirement shall be reduced to such lesser amount as calculated for the most recent calendar quarter, or (ii) the Series 2010 Debt Service Reserve Requirement calculated for any calendar quarter thereafter is more than the Series 2010 Debt Service Reserve Requirement pursuant to which the applicable Series 2010 Debt Service Reserve Subaccount is then being funded, in which case the Series 2010 Debt Service Reserve Requirement shall be increased as so calculated. Any amounts accumulated in the applicable Series 2010 Debt Service Reserve Subaccount in excess of a reduced Series 2010 Debt Service Reserve Requirement shall be transferred by the Trustee to the applicable Series 2010 Bond Service Subaccount and shall be used to pay Debt Service on the applicable Series 2010 Bonds, subject to any limitations contained in the Tax Certificate relating to the Series 2010A Bonds.

(c) On or before the twenty-fifth day of the month next following the month within which a determination is made that a Series 2010 Debt Service Reserve Subaccount is to be funded or a determination is made that the Series 2010 Debt Service Reserve Requirement is to be changed as described in subsection (b), and no later than the twenty-fifth day of each of the next thirty-five months thereafter (the foregoing thirty-six month period being hereinafter referred to as the "*Deposit Period*"), there shall be deposited into the applicable Series 2010 Debt Service Reserve Subaccount an amount equal to 1/36th of the Series 2010 Debt Service Reserve Requirement as so determined or changed. Whenever the Series 2010 Debt Service Reserve Requirement is changed as described in subsection (b), monthly deposits shall be made to the applicable Series 2010 Debt Service Reserve Subaccount in an amount equal to 1/36th of the difference between any amount then on deposit in the applicable Series 2010 Debt Service

Reserve Subaccount and the revised Series 2010 Debt Service Reserve Requirement. Whenever the applicable Series 2010 Debt Service Reserve Subaccount is required to be funded pursuant to this Section, the thirty-six monthly payments shall be based on the Series 2010 Debt Service Reserve Requirement as determined on the date of the calculation of such Series 2010 Debt Service Reserve Requirement that resulted in such funding.

(d) On or before June 30 and December 31 of each year, the City shall cause the value of all Investment Securities then on deposit in each Series 2010 Debt Service Reserve Subaccount to be calculated as follows:

(i) as to Investment Securities the prices of which are published on a regular basis by Financial Times Interactive Data Corporation, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ or by any other nationally-recognized pricing services acceptable to the Trustee and the City, the amount published by such service for such Investment Securities on or most recently prior to the date of such calculation;

(ii) as to investments described in clauses (ii) and (iii) of the definition of "Investment Securities" in Section 1.01 of the Indenture, the face amount thereof, plus accrued interest thereon; and

(iii) as to any Investment Securities not specified above, the value thereof established by prior agreement between the Trustee and the City.

If more than one of the foregoing clauses (i), (ii) or (iii) shall apply at any time to any particular Investment Security, the value thereof at such time shall be determined in accordance with the provision establishing the lowest value for such Investment Security.

If it is determined upon making such calculation that the value of the Investment Securities has declined so as to cause the value of the Investment Securities, together with any uninvested moneys, in any Series 2010 Debt Service Reserve Subaccount to be less than the amount then required to be on deposit pursuant to paragraphs (a), (b) and (c) of this Section 307, the City shall deposit in such Series 2010 Debt Service Reserve Subaccount, within thirty days after such calculation, such amount, in addition to any other amounts required to be deposited by this Fifth Supplemental Indenture, as shall be required to cause the value of the Investment Securities, together with any uninvested moneys, in such Series 2010 Debt Service Reserve Subaccount to be equal to the amount then required to be on deposit pursuant to paragraphs (a), (b) and (c) of this Section 307.

If it is determined upon making such calculation that the value of such Investment Securities has increased so as to cause the value of the Investment Securities, together with any uninvested moneys, in any Series 2010 Debt Service Reserve Subaccount to be greater than the amount then required to be on deposit pursuant to paragraphs (a), (b) and (c) of this Section 307, the Trustee shall credit such excess amount against the next succeeding monthly payment or payments to be made by the City into such Series 2010 Debt Service Reserve Subaccount pursuant to paragraphs (a), (b) and (c) of this Section 307, *provided, however*, that if the value of



the Investment Securities, together with any uninvested moneys, in such Series 2010 Debt Service Reserve Subaccount exceeds the then-existing Series 2010 Debt Service Reserve Requirement, such excess shall be withdrawn by the Trustee and deposited into the applicable Series 2010 Bond Service Subaccount and shall be used to pay Debt Service on the applicable Series 2010 Bonds, subject to any limitations contained in the Tax Certificate for the Series 2010A Bonds.

**Section 308. Application of the Series 2010 Debt Service Reserve Subaccounts.** If on the final day of any month, the amount in either Series 2010 Bond Service Subaccount shall be less than the amount required to be on deposit therein, the Trustee shall use the moneys in the applicable Series 2010 Debt Service Reserve Subaccount solely to make good the deficiency as provided in the Indenture. No part of the moneys in any Series 2010 Debt Service Reserve Subaccount shall ever be expended or used by the Trustee for any purpose other than as aforesaid so long as the applicable Series 2010 Bonds are Outstanding, except as otherwise provided in the Indenture.

**Section 309. Application of Proceeds of Series 2010 Bonds and Certain Other Moneys.** From the proceeds of the Series 2010 Bonds there shall be paid to the Trustee for deposit as follows:

- (i) Into either Series 2010 Debt Service Reserve Subaccount, \$-0-;
- (ii) Into the Renewal and Replacement Fund, \$-0-; and
- (iii) Into the Series 2010 Project Account in the Construction Fund, the balance of the proceeds of the Series 2010 Bonds.

#### **ARTICLE IV**

##### **FORM OF SERIES 2010 BONDS**

Subject to the provisions of the Indenture, each Series 2010 Bond shall be 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 or permitted by the Indenture:

[FORM OF BOND]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED  
No. R-\_\_\_\_\_

REGISTERED  
\$\_\_\_\_\_

UNITED STATES OF AMERICA

STATE OF UTAH

COUNTY OF SALT LAKE

SALT LAKE CITY

WATER AND SEWER REVENUE BOND,  
SERIES 2010[A][B (FEDERALLY TAXABLE-DIRECT PAY-BUILD AMERICA BONDS)]

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____ %	February 1, _____	_____, 2010	795666 ____

Registered Owner:

Principal Amount: ----- DOLLARS -----

KNOW ALL MEN BY THESE PRESENTS that Salt Lake City, Utah (the "City"), a duly organized and existing municipal corporation and political subdivision of the State of Utah, located in Salt Lake County, Utah, acknowledges itself indebted and for value received hereby promises to pay, in the manner and from the source hereinafter provided, to the registered owner identified above, or registered assigns, on the maturity date identified above, upon presentation and surrender hereof, the principal amount identified above, and to pay, in the manner and from the source hereinafter provided, the registered owner hereof interest on the balance of said principal amount from time to time remaining unpaid from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest

from such interest payment date, or unless this Bond is registered and authenticated prior to the first interest payment date, in which event this Bond shall bear interest from the dated date specified above, or unless, as shown by the records of the hereinafter referred to Trustee, interest on the hereinafter referred to Series 2010 Bonds shall be in default, in which event this Bond shall bear interest from the date to which interest has been paid in full, at the rate per annum specified above (calculated on the basis of a year of 360 days comprised of twelve 30-day months), payable in each year on February 1 and August 1, beginning February 1, 2011, until payment in full of such principal amount, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto. This Bond, as to principal when due, will be payable at the principal corporate trust operations office of U.S. Bank National Association, in St. Paul, Minnesota, a paying agent of the City, or its successor as such 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; *provided, however*, that payment of the 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 close of business on the fifteenth day of the month next preceding each interest payment date (the "*Record Date*") at his address as it appears on the registration books of the Trustee or at such other address as is furnished in writing by such registered owner to the Trustee prior to the Record Date.

THE CITY IS OBLIGATED TO PAY PRINCIPAL OF AND INTEREST ON THIS BOND SOLELY FROM THE REVENUES AND OTHER FUNDS OF THE CITY PLEDGED THEREFOR UNDER THE TERMS OF THE INDENTURE (AS DEFINED BELOW). THIS BOND IS NOT A DEBT OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS OF INDEBTEDNESS OR PROVISIONS THEREFOR. PURSUANT TO THE INDENTURE, SUFFICIENT REVENUES HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE CITY TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND AND ALL BONDS OF THE SERIES OF WHICH IT IS A PART.

This Bond and the issue of 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 Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (the "*Act*"), and all other laws applicable thereto.

This Bond is a special obligation of the City and is one of the water and sewer revenue bonds of the City (the "*Bonds*") issued under and by virtue of the Act and under and pursuant to a Master Trust Indenture, dated as of January 1, 2004, and heretofore amended and supplemented (the "*Master Indenture*"), between the City and U.S. Bank National Association, as trustee (said trustee and any successor thereto under the Master Indenture being herein referred to as the "*Trustee*"), as further amended and supplemented by a Fifth Supplemental Trust Indenture, dated as of October 1, 2010 (the "*Fifth Supplemental Indenture*"), between the City and the Trustee (such Master Indenture, as amended and supplemented by the Fifth Supplemental Indenture and as hereafter amended and supplemented, being herein referred to as the "*Indenture*"), for the purpose of (a) paying all or part of the costs of acquiring a project consisting of improvements and extensions to the water, sewer and stormwater system of the

City, together with all necessary appurtenant facilities, and (b) paying of all expenses incident thereto and to the issuance of the Series 2010 Bonds described below.

As provided in the Indenture, Bonds may be issued from time to time in one or more series in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Indenture, and the aggregate principal amount of Bonds which may be issued is not limited. All Bonds issued and to be issued under the Indenture are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Indenture.

This Bond is one of a Series of Bonds designated as "*Water and Sewer Revenue Bonds, Series 2010[A][B] (Federally Taxable-Direct Pay-Build America Bonds)*" (the "*Series 2010 Bonds*"), limited to the aggregate principal amount of \$ \_\_\_\_\_, dated as of the dated date identified above, and duly issued under and by virtue of the Act and under and pursuant to the Indenture. Copies of the Indenture are on file at the office of the City Recorder in Salt Lake City, Utah, and at the principal corporate trust office of the Trustee, in Salt Lake City, Utah, and reference to the Indenture and the Act is made for a description of the pledge and covenants securing the Series 2010 Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Series 2010 Bonds are issued and additional Bonds may be issued thereunder, and a statement of the rights, duties, immunities and obligations of the City and of the Trustee. Such pledge and other obligations of the City under the Indenture may be discharged at or prior to the maturity or redemption of the Series 2010 Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Indenture.

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

This Bond is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the principal corporate trust office of the Trustee, 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 Trustee, duly executed by the registered owner or such duly authorized attorney, and thereupon the City shall issue in the name of the transferee a new registered Bond or Bonds of the same aggregate principal amount and series, designation, maturity and interest rate as the surrendered Bond, all as provided in the Indenture and upon the payment of the charges therein prescribed. The City and the Trustee may treat and consider the person in whose name this Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

The Series 2010 Bonds are issuable solely in the form of fully registered Bonds, without coupons, in the denomination of \$5,000, or any integral multiple of \$5,000.

The Series 2010 Bonds maturing on or after February 1, 2019, are subject to redemption, in whole or in part, at the election of the City on any date on or after \_\_\_\_\_, 20\_\_ (if in part, such Series 2010 Bonds to be redeemed shall be selected from such maturities as shall be determined by the City in its discretion and within each maturity as selected by the Trustee), upon notice given as hereinafter set forth, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date.

With respect to any notice of optional redemption of Series 2010 Bonds, unless upon the giving of such notice such Series 2010 Bonds shall be deemed to have been paid within the meaning of Article XI of the Indenture, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the redemption price of and interest on the Series 2010 Bonds to be redeemed, and that if such money shall not have been so received said notice shall be of no force and effect, and the City shall not be required to redeem such Series 2010 Bonds. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such money was not so received and that such redemption was not made.

If less than all of the Series 2010 Bonds are to be redeemed, the particular Series 2010 Bonds to be redeemed shall be selected as provided in the Indenture.

Notice of redemption shall be given by first-class mail, not less than thirty nor more than forty-five days prior to the redemption date, to the registered owner of each Series 2010 Bond being redeemed, at his address as it appears on the bond registration books of the Trustee or at such address as he may have filed with the Trustee for that purpose.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if on the redemption date moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

Less than all of a Bond in a denomination in excess of \$5,000 may be so redeemed, and in such case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, registered Bonds of any of the authorized denominations, all as more fully set forth in the Indenture.

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



It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Utah or by the Act, or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of Bonds, together with all other indebtedness of the City, is within every debt and other limit prescribed by said Constitution and statutes.

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

*(Signature page follows.)*

IN WITNESS WHEREOF, SALT LAKE CITY, UTAH, has caused this Bond to be signed in its name and on its behalf by the signature of its Mayor, and its corporate seal to be impressed or imprinted hereon, and attested and countersigned by the signature of its City Recorder, all as of the dated date specified above.

SALT LAKE CITY, UTAH

By \_\_\_\_\_  
Mayor

[SEAL]

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
City Recorder

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within mentioned Indenture and is one of the Water and Sewer Improvement and Refunding Revenue Bonds, Series 2010, of Salt Lake City, Salt Lake County, Utah.

Date of registration and authentication: \_\_\_\_\_.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

[FORM OF ASSIGNMENT]

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

TEN COM	—	as tenants in common	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____
			(State)

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

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

[Empty box for Social Security or Other Identifying Number of Assignee]

Insert Social Security or Other  
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of SALT LAKE CITY, UTAH, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to register the transfer of the Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

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

## ARTICLE V

### AMENDMENTS TO MASTER INDENTURE

[To be added if necessary.]

## ARTICLE VI

### MISCELLANEOUS

**Section 601. Arbitrage Covenant; Covenant to Maintain Tax-Exemption.** (a) The City covenants and certifies to and for the benefit of the purchasers and Holders from time to time of the Series 2010 Bonds that no use will be made of the proceeds of the issue and sale of the Series 2010 Bonds, or any funds or accounts of the City which may be deemed to be proceeds of the Series 2010 Bonds, pursuant to Section 148 of the Code and applicable Regulations proposed or promulgated thereunder, if such use, had it been reasonably expected on the date of issuance of the Series 2010 Bonds, would have caused the Series 2010 Bonds to be classified as "*arbitrage bonds*" within the meaning of Section 148 of the Code. Pursuant to this covenant, the City obligates itself to comply throughout the term of the Series 2010 Bonds with the requirements of Section 148 of the Code and the Regulations proposed or promulgated thereunder.

(b) The City further covenants and agrees to and for the benefit of the purchasers and Holders from time to time of the Series 2010 Bonds that the City (i) will not take any action that would cause interest on the Series 2010 Bonds to be or to become ineligible for the exclusion from gross income of the Holders of the Series 2010 Bonds as provided in Section 103 of the Code, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series 2010 Bonds to be or to become ineligible for the exclusion from gross income of the Holders of the Series 2010 Bonds as provided in Section 103 of the Code and (iii) without limiting the generality of the foregoing, (A) will not take any action which would cause the Series 2010 Bonds, or any Series 2010 Bond, to be a "*private activity bond*" within the meaning of Section 141 of the Code or to fail to meet any applicable requirement of Section 149 of the Code and (B) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the Series 2010 Bonds, or any Series 2010 Bond, to be a "*private activity bond*" or to fail to meet any applicable requirement of Section 149 of the Code.

(c) The City covenants and certifies to and for the benefit of the purchasers and Holders from time to time of the Series 2010 Bonds that: (i) the City will at all times comply with the provisions of any Tax Certificates and the rebate requirements contained in Section 148(f) of the Code, including, without limitation, entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated except to the extent that the Series 2010 Bonds are exempt from such arbitrage rebate requirements as provided in the Code; and (ii) no bonds or other evidences of indebtedness of the City have been or will be issued, sold or delivered within a period beginning 15 days prior to the

sale of the Series 2010 Bonds and ending 15 days following the date of delivery of and payment for the Series 2010 Bonds pursuant to a common plan of financing with the plan for the issuance of the Series 2010 Bonds and payable out of substantially the same source of revenues.

(d) The City hereby covenants to adopt, make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) any Indenture or Tax Certificate necessary to comply with any changes in law or regulations in order to preserve the excludability of interest on the Series 2010 Bonds from gross income of the Holders thereof for federal income tax purposes to the extent that it may lawfully do so. The City further covenants to (i) impose such limitations on the investment or use of moneys or investment related to the Series 2010 Bonds, (ii) make such payments to the United States Treasury, (iii) maintain such records, (iv) perform such calculations and (v) perform such other acts as may be necessary to preserve the excludability of interest on the Series 2010 Bonds from gross income of the Holders thereof for federal income tax purposes to the extent that the City may lawfully do so.

(e) Pursuant to these covenants, the City obligates itself to comply throughout the term of the issue of the Series 2010 Bonds with the requirements of Section 103 of the Code and the Regulations proposed or promulgated thereunder.

**Section 602. System of Registration.** The Indenture shall constitute a system of registration within the meaning and for all purposes of the Registered Public Obligations Act, Chapter 7 of Title 15, Utah Code Annotated 1953, as amended.

**Section 603. Article and Section Headings.** The headings or titles of the several articles and sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Fifth Supplemental Indenture.

**Section 604. Partial Invalidity.** In any one or more of the covenants or agreements, or portions thereof, provided in this Fifth Supplemental Indenture to be performed shall be contrary to law (other than the provisions of the Indenture limiting the liability of the City to make payments on the Bonds solely from Revenues and other amounts pledged therefor by the Indenture), then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Fifth Supplemental Indenture or of the Series 2010 Bonds; but the Holders of the Series 2010 Bonds and any other Security Instrument Issuer and any Reserve Instrument Issuer shall retain all the rights and benefits accorded to them under the Act or any other applicable provisions of law.

**Section 605. Counterparts.** This Fifth Supplemental Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

**Section 606. Effective Date.** This Fifth Supplemental Indenture shall take effect immediately.



**Section 607. Representation Regarding Ethical Standards for City Officers and Employees and Former City Officers and Employees.** The Trustee represents that it has not: (a) provided an illegal gift or payoff to a City officer or employee or former City officer or employee, or his or her relative or business entity; (b) retained any person to solicit or secure the Trustee's appointment under this Fifth Supplemental Indenture 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; (c) knowingly breached any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code; or (d) knowingly influenced, and hereby promises that it will not knowingly influence, a City officer or employee or former City officer or employee to breach any of the ethical standards set forth in the City's conflict of interest ordinance, Chapter 2.44, Salt Lake City Code.

*(Signature page follows.)*

IN WITNESS WHEREOF, the City has caused this Fifth Supplemental Indenture to be executed by the Mayor and countersigned by the City Recorder, and its official seal to be hereunto affixed and attested by the City Recorder, and to evidence its acceptance of the trusts hereby created, U.S. Bank National Association, has caused this Fifth Supplemental Indenture to be executed by its Vice President, all as of the date hereof.

SALT LAKE CITY, SALT LAKE COUNTY, UTAH

By \_\_\_\_\_  
Mayor

COUNTERSIGN AND ATTEST:

By \_\_\_\_\_  
City Recorder

[SEAL]

APPROVED AS TO FORM:

By \_\_\_\_\_  
Senior City Attorney

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Vice President