
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: September 14, 2010

SUBJECT: **Resolution: \$12 million Water & Sewer 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

Since the Council's August 10th briefing about the issuance of bonds, some changes have occurred. The Administration still proposes issuing bonds for the Orange Street Sewer line project, however rather than issuing Build America Bonds, the Administration has an opportunity to issue privately held bonds for a better interest rate and lower issuance costs.

The Administration will "lock-in" the rate the morning of the hearing so that the resolution adopted by the Council is complete. The Administration also proposes issuing the full \$12 million in bonds, the not-to-exceed par amount reflected in the Parameters Resolution, rather than an amount closer to the estimated Orange Street sewer line budget of \$10 million.

The Council's motion on August 10th authorized the Administration to move ahead with the details of issuing the bonds, including final proposed amount, confirming the interest rate, and other terms. The Administration will be present at the September 14 hearing to provide finalized details (such as confirming the final interest rate locked-in on the morning of September 14), and answer questions from the Council.

According to the updated transmittal (attached), issuing the full amount of \$12 million in bonds and the different interest rate, the estimated annual debt payment on the bonds would be \$755,000. At the time of the briefing, assuming the lower bond issuance and higher interest rate, the estimated payment was \$740,000.

Options: If the Council does not support issuing the full \$12 million in bonds, that change should be incorporated into the motion.

MOTIONS

Item C-1 – Public Hearing

"{I move that the Council}" Close the public hearing and refer to Item D-1 for action on the proposed resolution.

Item D-1 – Action Item

"{I move that the Council}" Adopt and approve the resolution authorizing the issuance and confirming the sale of \$12,000,000 aggregate principal amount of Water and Sewer Revenue Bonds, Series 2010 of the City; authorizing the execution and delivery of certain documents relating to such bonds; and providing for related matters.

Information provided previously for the August 10 briefing and action:

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.*

RECEIVED

AUG 31 2010

Jeffrey T. Niermeyer
Salt Lake City Mayor
DIRECTOR

SALT LAKE CITY CORPORATION

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

CITY COUNCIL TRANSMITTAL

SCANNED TO: Mayor
SCANNED BY: Rachel
DATE: 8.31.10

RALPH BECKER
MAYOR


David Everitt, Chief of Staff

Date Received: 08/31/2010
Date sent to Council: 09/02/2010
dk ag

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

DATE: August 31, 2010

FROM: Jeff Niermeyer, Public Utilities Director



SUBJECT: Public Utilities Revenue Bonds, Series 2010, Resolution Authorizing the sale of \$12 million in revenue bonds to JP Morgan Chase Bank for the Purpose of Financing the Construction of Sewer Line Improvements.

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

DOCUMENT TYPE: Final Bond Resolution

RECOMMENDATION: That the City Council approves the final Bond Resolution approving the issuance of \$12 million of revenue bonds to JP Morgan Chase Bank.

BUDGET IMPACT: Based on preliminary estimates and the current interest rate environment, annual debt service costs would average \$755,000 per year for 20 years.

BACKGROUND/DISCUSSION: As part of the RFP process of trying to obtain an underwriter on our 2010 Public Utilities Revenue Bond Issue we received an option from Chase Bank as part of their proposal for a private placement of our bonds at a proposed interest rate at 2.70%. This is a fantastic deal saving the city over \$200,000 in issue costs with an interest rate 0.30% lower than the current rate on Buy America Bonds. This has been recommended by both the City Financial Advisor and Dan Mule' City Treasurer. In addition we are requesting that the full \$12 million stated in the parameter resolution be issued rather than the original proposed \$10 million due to the favorable interest rate. The additional funding will go to expand our sewer line replacement program. The final interest rate will be locked in with JP Morgan Chase Bank on the morning of September 14, 2010.

Attached is the draft of the Final Bond Resolution and Bond Purchase Contract.

cc: Daniel A. Mulé, Jim Lewis

RESOLUTION NO. __ OF 2010

A Resolution authorizing the issuance and confirming the sale of \$12,000,000 Salt Lake City, Utah Water and Sewer Revenue Bonds, Series 2010, for the purpose of financing certain improvements to the City's water, sewer and stormwater system; authorizing the execution and delivery of a Fifth Supplemental Trust Indenture to secure said Bonds; authorizing a Purchase Contract with JPMorgan Chase Bank, N.A.; authorizing the taking of all other actions necessary for the consummation of the transactions contemplated by this resolution; and related matters.

*** *** ***

WHEREAS, Salt Lake City, Utah (the "*City*"), is a duly organized and existing city of the first class, operating under the general laws of the State of Utah;

WHEREAS, the City considers it necessary and desirable and for the benefit of the City and the users of the City's water, sewer and storm water system (the "*System*") to issue its water and sewer revenue bonds as hereinafter provided for the purpose of (a) financing the costs associated with the acquisition, improvement or extension of improvements, facilities and property that will be a part of the System and will consist primarily of the replacement of the Orange Street sewer trunk line and making other improvements to the System (collectively, the "*Project*"); (b) funding any necessary reserves in connection with the Series 2010 Bonds (as defined below); and (c) paying all related costs authorized by law pursuant to authority contained in the Local Government Bonding Act, Chapter 14 of Title 11 (the "*Act*"), Utah Code Annotated 1953, as amended (the "*Utah Code*"), and other applicable provisions of law;

WHEREAS, for the purposes set forth above, the City has determined (a) to issue its Water and Sewer Revenue Bonds, Series 2010, in the aggregate principal amount of \$12,000,000 (the "*Series 2010 Bonds*"), pursuant to a Master Trust Indenture, dated as of January 1, 2004, as amended and supplemented to the date hereof (the "*Master Indenture*"), and a Fifth Supplemental Trust Indenture, dated as of October 1, 2010 (the "*Fifth Supplemental Indenture*"), each between the City and U.S. Bank National Association, as trustee (the "*Trustee*") (the Master Indenture and Fifth Supplemental Indenture are sometimes collectively referred to hereinafter as the "*Indenture*") and (b) to cause the proceeds of the sale of the Series 2010 Bonds to be applied in accordance with the Indenture;

WHEREAS, the City is authorized by the Utah Code to acquire, construct, extend and improve the Project; to enter into the Fifth Supplemental Indenture; and to issue the Series 2010 Bonds to finance all or a portion of the costs of the Project, to fund any necessary reserves and to pay all related costs authorized by law;

WHEREAS, the City has made arrangements for the purchase of the Series 2010 Bonds and the financing of the Project at favorable interest rates;

WHEREAS, the City Council of the City adopted a resolution on August 10, 2010 (the "*Parameters Resolution*"), approving the issuance of the Series 2010 Bonds, calling for the publication of a "*Notice of Bonds to be Issued*" and setting certain parameters for the Series 2010 Bonds;

WHEREAS, the *Notice of Bonds to be Issued* was (a) published pursuant to the Parameters Resolution on August 14, 2010, in *The Salt Lake Tribune* and the *Deseret News*, newspapers having general circulation in the City and (b) posted on the website created pursuant to Section 45-1-101 of the Utah Code;

WHEREAS, no action contesting the legality of the Series 2010 Bonds has been filed as permitted by Section 11-14-316 of the Act; and

WHEREAS, in satisfaction of the requirements to Section 11-14-318 of the Utah Code, the City, on Tuesday, September 14, 2010, held a public hearing after due notice thereof to receive input from the public with respect to the issuance of the Series 2010 Bonds and the potential economic impact that the Project will have on the private sector;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SALT LAKE CITY, UTAH, AS FOLLOWS:

Section 1. Issuance of Bonds. (a) For the purposes set forth above, there is hereby authorized and directed the execution, issuance, sale and delivery of the Series 2010 Bonds in the aggregate principal amount of \$12,000,000. The Series 2010 Bonds shall be dated as of the date of delivery thereof, and shall mature on February 1, 2031 and shall bear interest from the date of delivery thereof, payable on February 1 and August 1 in each year, commencing February 1, 2011, at the interest rate per annum of ____%.

(b) The Series 2010 Bonds shall be in authorized denominations, executed and payable all as provided in the Indenture. The Series 2010 Bonds shall be subject to redemption prior to maturity as provided in the Indenture.

(c) The form of the Series 2010 Bonds set forth in the Fifth Supplemental Indenture, subject to appropriate insertion and revision in order to comply with the provisions of the Indenture, is hereby approved.

(d) The Series 2010 Bonds shall be special obligations of the City, payable from and secured by a pledge and assignment of the Revenues (as defined in the Indenture) received by the City and of certain other moneys held under the Indenture. The Series 2010 Bonds shall not be obligations of the State of Utah (the "*State*") or any other political subdivision thereof, other than the City, and neither the faith and credit nor the taxing or appropriation power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Series 2010 Bonds. The Series 2010 Bonds shall not constitute general obligations of the City or any other entity or body, municipal, state or otherwise.

Section 2. Approval and Execution of the Fifth Supplemental Indenture. The Fifth Supplemental Indenture, in substantially the form attached hereto as *Exhibit A*, is hereby authorized and approved, and the Mayor or the Deputy Mayor is hereby authorized, empowered and directed to execute and deliver the Fifth Supplemental Indenture on behalf of the City, and the City Recorder or any Deputy City Recorder is hereby authorized, empowered and directed to affix the seal of the City, to attest such seal and to countersign the Fifth Supplemental Indenture, with such changes to the Fifth Supplemental Indenture from the form attached hereto as are approved by the Mayor or the Deputy Mayor, his execution thereof to constitute conclusive evidence of such approval. The provisions of the Fifth Supplemental Indenture, as executed and delivered, are hereby incorporated in and made a part of this resolution. The Master Indenture and the Fifth Supplemental Indenture shall constitute a "system of registration" for all purposes of the Registered Public Obligations Act of Utah.

Section 3. Sale of the Series 2010 Bonds; Purchase Contract. The Series 2010 Bonds authorized to be issued herein are hereby sold and delivered to JPMorgan Chase Bank, N.A., as purchaser (the "*Purchaser*"), upon the terms and conditions set forth in the Purchase Contract. The Mayor or the Deputy Mayor is hereby authorized, empowered and directed to execute and deliver the Purchase Contract on behalf of the City in substantially the form attached hereto as *Exhibit B*, with such changes therein from the form hereto as are approved by the Mayor or the Deputy Mayor, his execution thereof to constitute conclusive evidence of such approval. The City Recorder or any Deputy City Recorder is hereby authorized, empowered and directed to affix the seal of the City, to attest such seal and to countersign the Purchase Contract.

Section 4. Other Certificates and Documents Required to Evidence Compliance with Federal Tax and Securities Laws. Each of the Mayor, the Deputy Mayor, the City Recorder or any Deputy City Recorder, the City Treasurer and the Director of Public Utilities of the City is hereby authorized and directed to execute such other certificates and documents as are required to evidence compliance with the federal laws relating to the status of interest on the Series 2010 Bonds and such other certificates and documents, if any, as shall be necessary to comply with the requirements of Rule 15c-2-12 of the Securities and Exchanges Commission and other applicable federal securities laws.

Section 5. Other Actions With Respect to the Series 2010 Bonds. The officers and employees of the City shall take all action necessary or reasonably required to carry out, give effect to, and consummate the transactions contemplated hereby and shall take all action necessary in conformity with the Act to carry out the issuance of the Series 2010 Bonds and the financing of the Project, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the sale and delivery of the Series 2010 Bonds and the financing of the Project. If (a) the Mayor or (b) the City Recorder shall be unavailable to execute or attest and countersign, respectively, the Series 2010 Bonds or the other documents that they are hereby authorized to execute, attest and countersign the same may be executed, or attested and countersigned, respectively, (i) by the Deputy Mayor or Acting Mayor or (ii) by any Deputy City Recorder. Without limiting the generality of the foregoing, the officers and employees of the City are authorized and directed to take such action as shall be necessary and appropriate to issue the Series 2010 Bonds.

Section 6. Prior Acts Ratified, Approved and Confirmed. All acts of the officers and employees of the City in connection with the issuance of the Series 2010 Bonds are hereby ratified, approved and confirmed.

Section 7. Resolution Irrepealable. Following the execution and delivery of the Fifth Supplemental Indenture, this resolution shall be and remain irrepealable until the Series 2010 Bonds and the interest thereon shall have been fully paid, cancelled, and discharged.

Section 8. Severability. 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 such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

Section 9. Effective Date. This resolution shall be effective immediately upon its approval and adoption.

(Signature page follows.)

ADOPTED AND APPROVED by the City Council and the Mayor, as applicable of Salt Lake City, Utah, this 14th day of September, 2010.

SALT LAKE CITY, UTAH

By _____
Chair
Salt Lake City Council

ATTEST:

By _____
City Recorder

[SEAL]

APPROVED:

By _____
Mayor

APPROVED AS TO FORM:

By _____
Senior City Attorney

EXHIBIT A

[ATTACH FORM OF FIFTH SUPPLEMENTAL TRUST INDENTURE]

EXHIBIT B

[ATTACH FORM OF PURCHASE CONTRACT]

\$12,000,000
WATER AND SEWER REVENUE BONDS, SERIES 2010

SALT LAKE CITY, UTAH

PURCHASE CONTRACT

September 14, 2010

Salt Lake City, Utah
City and County Building
451 South State Street
Salt Lake City, Utah 84114-5462

Ladies and Gentlemen:

The undersigned, JPMorgan Chase Bank, N.A., its successors or assigns (collectively, the "*Purchaser*"), acting on its own behalf and the behalf of its successors or assigns and not as agent or fiduciary for you, hereby offers to purchase from Salt Lake City, Utah (the "*Issuer*" or "*City*"), all (but not less than all) of the \$12,000,000 Water and Sewer Revenue Bonds, Series 2010 of the Issuer (the "*Bonds*"). This offer is made subject to the Issuer's acceptance of this Purchase Contract on or before 11:59 p.m., Utah time, on the date hereof. Upon the Issuer's acceptance of this offer, it will be binding upon the Issuer and upon the Purchaser. Initially-capitalized terms used but not defined herein shall have the meaning assigned to them in the hereinafter-defined Bond Resolution, unless the context clearly requires otherwise.

1. Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Purchaser, the Bonds. *Schedule A* attached hereto, which is incorporated by reference into this Purchase Contract, contains a brief description of the Bonds, the purchase price to be paid and the date of delivery and payment therefor (the "*Closing*"). The Bonds are authorized pursuant to the provisions of the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other relevant provisions of law, and pursuant to resolutions of the Issuer adopted on August 10, 2010 and September 14, 2010 (collectively, the "*Bond Resolution*"), for the purpose of financing the costs associated with the acquisition, improvement or extension of improvements, facilities and property that will be a part of the System and will consist primarily of the replacement of the Orange Street sewer trunk line and making other improvements to the System (collectively, the "*Project*").

2. The Issuer represents and covenants to the Purchaser that:

- (a) the Issuer has and will have on the date of Closing the power and authority (i) to enter into and perform this Purchase Contract, the Master Trust Indenture, dated as of January 1, 2004, as amended and supplemented to the date hereof (the "*Master*

Indenture”), and a Fifth Supplemental Trust Indenture, dated as of October 1, 2010 (the “*Fifth Supplemental Indenture*”), each between the City and U.S. Bank National Association, as trustee (the “*Trustee*”) (the Master Indenture and Fifth Supplemental Indenture are sometimes collectively referred to hereinafter as the “*Indenture*”), (ii) to adopt the Bond Resolution, and (iii) to deliver and sell the Bonds to the Purchaser;

(b) the Issuer will take any and all actions necessary or appropriate to consummate the transactions described in the Bonds, this Purchase Contract, the Indenture and the Bond Resolution;

(c) the officers and officials of the Issuer executing this Purchase Contract, the Indenture, the Bonds and any other documents and certificates related thereto to be delivered at the time of Closing, have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Issuer, and are or will be duly authorized to execute and deliver such documents on behalf of the Issuer;

(d) this Purchase Contract, the Indenture, and the Bonds do not and will not conflict with or create a breach or default under any existing law, regulation, order or agreement to which the Issuer is subject or by which it is bound;

(e) no governmental or public agency approval, consent, permit or authorization other than the Bond Resolution is required in connection with the sale of the Bonds to the Purchaser;

(f) this Purchase Contract, the Indenture, and the Bonds are and shall be at the time of the Closing legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, subject only to applicable bankruptcy, insolvency or other similar laws generally affecting creditors’ rights;

(g) the Issuer has the legal right, power and authority to collect and pledge the Revenues (as defined in the Indenture);

(h) no litigation in the State of Utah or federal court has been served on the Issuer or is, to the knowledge of the Issuer, threatened against or affecting the Issuer or affecting the corporate existence of the Issuer or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or in any way contesting or affecting the transactions contemplated hereby or the validity or enforceability of the Bonds, the Bond Resolution, the Indenture or this Purchase Contract, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and the delivery of this Purchase Contract and the Indenture, or the exclusion from gross income for federal income tax purposes of the interest on the Bonds, or contesting the Issuer’s power to collect, receive and pledge the Revenues;

(i) the Issuer is not in breach of or in default under any existing law, court or administrative regulation, decree or order, ordinance, resolution, agreement, indenture,

mortgage, lease, sublease or other instrument to which the Issuer is a party or by which the Issuer or its property is or may be bound, and no event has occurred or is continuing that, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case, in any manner or to any extent that could have a material adverse effect on the financial condition of the Issuer, the operations of the Issuer or the transactions contemplated by this Purchase Contract and the Indenture, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, the Indenture, or the Bond Resolution or in any way adversely affect the existence or powers of the Issuer or the excludability from gross income for federal income tax purposes of interest on the Bonds;

(j) the Issuer's audited general purpose financial statements as of and for the fiscal year ended June 30, 2009, are a fair presentation of the financial position of the Issuer as of the date indicated and the results of its operations and changes in its fund balances for the periods specified. Since June 30, 2009, there has been no material adverse change in the condition, financial or otherwise, of the Issuer from that set forth in the audited financial statements as of and for the period ended that date; and the Issuer has not incurred since June 30, 2009, any material liabilities, directly or indirectly, except in the ordinary course of its operations;

(k) the Issuer will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds to be applied or results in such proceeds being applied in a manner other than as provided in the Bond Resolution and the Indenture;

(l) each representation, warranty or agreement stated in any certificate signed by any officer of the Issuer and delivered to the Purchaser in connection with the transactions contemplated by the Bond Resolution, the Indenture and this Purchase Contract, at or before the Closing, shall constitute a representation, warranty or agreement by the Issuer upon which the Purchaser shall be entitled to rely; and

(m) the Issuer is not currently, nor has it been at any time during the last five years, in default in the payment of the principal of or interest on any obligation issued by it.

3. The Purchaser does hereby represent that:

(a) We are a "bank" as defined in Section 3(a)(2) of the Securities Act of 1933 (the "1933 Act").

(b) We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

(c) We are acquiring the Bonds for our own account or for the account of institutions that meet the representations set forth herein, and not with a view to, or for sale in connection with, any distribution of the Bonds or any part thereof. We have not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and we have no present intention of reselling or otherwise disposing of the Bonds.

(d) As a sophisticated investor, we have made our own credit inquiry and analysis with respect to the Issuer and the Bonds, and have made an independent credit decision based upon such inquiry and analysis. The Issuer has furnished to us all the information which we as a reasonable investor have requested of the Issuer as a result of our having attached significance thereto in making our investment decision with respect to the Bonds, and we have had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Issuer and the Bonds. We are able and willing to bear the economic risk of the purchase and ownership of the Bonds.

(e) We understand that the Bonds have not been registered with any federal or state securities agency or commission.

(f) We acknowledge that the Bonds are transferable only by notation on the registration books maintained by the Bond registrar and are freely transferable provided that the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations.

(g) We will provide to the Issuer at the Closing a certificate, in form and substance acceptable to the Issuer, to the effect that the representations of the Purchaser contained in this Paragraph 3 are true and correct as of the Closing.

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

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

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

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

(ii) a certificate from authorized officers of the Issuer, in form and substance acceptable to the Purchaser, to the effect that the representations of the Issuer contained in this Purchase Contract are true and correct when made and as of the Closing;

(iii) the approving opinion, dated the date of Closing, of Chapman and Cutler LLP, Bond Counsel, relating to the legality and validity of the Bonds and the excludability of interest on the Bonds from gross income of the holders thereof for federal income tax purposes, in form and substance acceptable to the Purchaser and addressed to the Purchaser;

(iv) an opinion, dated the date of Closing, executed by counsel to the Issuer, in form and substance acceptable to the Purchaser and addressed to the Purchaser;

(vi) a certified copy of the Bond Resolution;

(vii) an executed counterpart of this Purchase Contract;

(viii) an executed counterpart of the Indenture;

(ix) a transcript of all proceedings relating to the authorization and issuance of the Bonds; and

(x) such additional certificates, instruments and other documents (including, without limitation, those set forth on *Schedule A* hereto) as the Purchaser may deem necessary with respect to the issuance and sale of the Bonds, all in form and substance satisfactory to the Purchaser.

5. The Issuer will pay the cost of the fees and disbursements of counsel to the Issuer, Purchaser's counsel and Bond Counsel; the cost of preparing and printing the Bonds; the fees of Wells Fargo Brokerage Services, LLC, as the financial advisor; the fees of the Trustee; and miscellaneous expenses of the Issuer incurred in connection with the offering and delivery of the Bonds.

The Purchaser will pay all direct "out-of-pocket" expenses incurred by the Purchaser, with the exception of the fees of Purchaser's counsel, and all costs relating to the wiring of federal funds to purchase the Bonds.

The obligation of the Issuer to pay the above-described expenses and fees, except the fees of Purchaser's counsel, shall survive termination of this Purchase Contract or the failure to consummate the transactions described herein. The Issuer shall have no obligation to pay the fees of Purchaser's counsel if this Purchase Contract is terminated prior to Closing.

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

7. This Purchase Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

8. This Purchase Contract constitutes the complete and entire agreement between the Issuer and the Purchaser and all prior communications and correspondence between the Issuer and the Purchaser with respect to the subject matter of this Purchase Contract, whether written or oral, are hereby superseded by this Purchase Contract.

9. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Contract as to such jurisdiction or jurisdictions, or affect in any way such validity or enforceability as to any other jurisdiction.

10. No waiver or modification of any one or more of the terms and conditions of this Purchase Contract shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

11. The validity, interpretation and performance of this Purchase Contract shall be governed by the laws of the State of Utah.

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

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By _____
Its _____

Accepted on behalf of
SALT LAKE CITY, UTAH

By _____
Mayor

ATTEST AND COUNTERSIGN:

By _____
City Recorder

[SEAL]

SCHEDULE A

\$12,000,000
SALT LAKE CITY, UTAH
WATER AND SEWER REVENUE BONDS, SERIES 2010

- I. Aggregate Principal Amount of the Bonds: \$12,000,000.
- II. Purchase Price of the Bonds: \$12,000,000.
- III. Maturity Date: February 1, 2031
- IV. Interest Rate: _____%
- V. Redemption Features:

(a) The Bonds are not subject to optional redemption.

(b) The Bonds are subject to redemption in part by operation of sinking fund installments, as provided in the Bond Resolution, at par, in the amounts and at the times as follows:

FEBRUARY 1 OF THE YEAR	PRINCIPAL AMOUNT	FEBRUARY 1 OF THE YEAR	PRINCIPAL AMOUNT
2011	\$	2022	\$
2012		2023	
2013		2024	
2014		2025	
2015		2026	
2016		2027	
2017		2028	
2018		2029	
2019		2030	
2020		2031*	
2021			

* Final Maturity.

V. Closing Date: October [5], 2010, or such other date as has been mutually agreed upon by the Issuer and the Purchaser.

VI. Other Terms: The Bonds shall have such other terms and provisions as are provided in the Indenture.

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

**\$12,000,000
SALT LAKE CITY, UTAH
WATER AND SEWER REVENUE BONDS
SERIES 2010**

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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, dated October 1, 2010, 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.

"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.

"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 September 14, 2010, between the City and the Purchaser, pursuant to which the Series 2010 Bonds are to be sold by the City.

"Purchaser" means JPMorgan Chase Bank, N.A., as purchaser of the Series 2010 Bonds pursuant to the Purchase Contract.

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

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

"Series 2010 Debt Service Reserve Requirement" means an amount equal to \$-0-.

"Series 2010 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 primarily of replacing the Orange Street sewer 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.

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 \$12,000,000 and designated "*Water and Sewer Revenue Bonds, Series 2010.*"

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 2010 Bonds shall mature on February 1, 2031 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 rate of ____%.

(b) The Series 2010 Bonds 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 \$100,000 and any integral multiple of \$5,000 in excess of \$100,000; *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. Sinking Fund Installment and Redemption Price. (a) The Series 2010 Bonds shall be subject to redemption in part by operation of Sinking Fund Installments as provided in the Indenture, upon notice as provided in Section 4.03 of the Indenture, at a redemption price equal to the Principal amount of each Series 2010 Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the Sinking Fund Installments for the Series 2010 Bonds are set forth in the following table:

<u>FEBRUARY 1</u> <u>OF THE YEAR</u>	<u>SINKING FUND</u> <u>AMOUNT</u>
2011	\$
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	

FEBRUARY 1
OF THE YEAR

SINKING FUND
AMOUNT

2027
2028
2029
2030
2031*

* Stated Maturity

(b) The Series 2010 Bonds are not subject to optional redemption at the election of the City.

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.

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 Project 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. 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 2010 Bond Service Subaccount*." Moneys shall be deposited into and paid from the Series 2010 Bond Service Subaccount in accordance with Section 5.06 of the Indenture to pay Principal of and interest on the Series 2010 Bonds.

Section 306. Establishment of Series 2010 Debt Service Reserve Subaccount. 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 2010 Debt Service Reserve Subaccount*." The Series 2010 Debt Service Reserve Requirement for the Series 2010A Debt Service Reserve Subaccount shall be an amount equal to \$-0-.

Section 307. 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 each 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, the Series 2010 Bonds 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

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
_____%	February 1, 2031	_____, 2010	795666 ____

REGISTERED OWNER: JPMORGAN CHASE BANK, N.A.

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*" (the "*Series 2010 Bonds*"), limited to the aggregate principal amount of \$12,000,000, 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 \$100,000, and any integral multiple of \$5,000 in excess of \$100,000.

The Series 2010 Bonds are subject to redemption at a price equal to the principal amount thereof, together with interest thereon accrued to the date of redemption by operation of Sinking Fund Installments as provided in the Indenture. The Indenture requires funds to be provided on the dates and in the amounts set forth in the following table:

<u>FEBRUARY 1</u> <u>OF THE YEAR</u>	<u>SINKING FUND</u> <u>AMOUNT</u>
2011	\$
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031*	

* Stated Maturity

The Series 2010 Bonds are not subject to redemption at the election of the City.

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 \$100,000 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 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	(Cust) (Minor)
		of survivorship and not as	under Uniform Transfers to Minors Act of
		tenants in common	_____
			(State)

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

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond 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

MISCELLANEOUS

Section 501. 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 502. 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 503. 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 504. 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 505. 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 506. Effective Date. This Fifth Supplemental Indenture shall take effect immediately.

Section 507. 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, or 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