

Apple Valley, Utah

February 17, 2021

The Town Council (the "Council") of Town of Apple Valley, Utah (the "Town"), met in regular session (including by electronic means) on Wednesday, February 17, 2021, at its regular meeting place in Apple Valley, Utah at 6:00 p.m., with the following members of the Council being present:

Marty Lisonbee	Mayor
Debbie Kopp	Council Member
Paul Edwardsen	Council Member
Mike McLaughlin	Council Member
Dale Beddo	Council Member

Also present:

Michelle Kinney	Town Recorder
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Absent:

After the meeting had been duly called to order and after other matters not pertinent to this Resolution had been discussed, the Town Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this February 17, 2021, meeting, a copy of which is attached hereto as Exhibit A.

Thereupon, the following Resolution was introduced in writing, read in full and pursuant to motion duly made by Council Member _____ and seconded by Council Member _____ adopted by the following vote:

AYE:

NAY:

The resolution was later signed by the Mayor and recorded by the Town Recorder in the official records of the Town. The resolution is as follows:

RESOLUTION 2021-003

A RESOLUTION OF THE TOWN COUNCIL (THE “COUNCIL”) OF THE TOWN OF APPLE VALLEY, UTAH (THE “TOWN”), PROVIDING FOR THE CREATION OF JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3 (THE “DISTRICT”) AS AN INDEPENDENT LOCAL DISTRICT; AUTHORIZING AND APPROVING A GOVERNING DOCUMENT AND INTERLOCAL AGREEMENT; APPROVING OF AN ANNEXATION AREA; APPOINTING A BOARD OF TRUSTEES; AUTHORIZING OTHER DOCUMENTS IN CONNECTION THEREWITH; AND RELATED MATTERS.

WHEREAS, a petition (the “Petition”) was filed with the Town requesting adoption by resolution the approval of the creation of three separate public infrastructure districts pursuant to the Public Infrastructure District Act, Title 17B, Chapter 2a, Part 12, Utah Code Annotated 1953, as amended (the “PID Act”) and relevant portions of the Limited Purpose Local Government Entities - Local Districts, Title 17B (together with the PID Act, the “Act”) within the boundaries of the Town and approve an annexation area of approximately 130.88 acres (the “Annexation Area”) which the district may annex into without further approval of the Town or the Council, as further described in the Governing Document (as hereinafter defined) for the purpose of financing public infrastructure costs; and

WHEREAS, pursuant to the terms of the Act, the Town may create one or more public infrastructure districts by adoption of a resolution of the Council and with consent of 100% of all surface property owners proposed to be included in the District (the “Property Owners”); and

WHEREAS, the Petition, containing the consent of such Property Owners has been certified by the Recorder of the Town pursuant to the Act, and it is in the best interests of the Property Owners that the creation of the District be authorized in the manner and for the purposes hereinafter set forth; and

WHEREAS, the Town held a public hearing on January 20, 2021 to receive input from the public regarding the creation of the District, and the Property Owners have waived the 60-day protest period pursuant to Section 17B-2a-1204 of the PID Act; and

WHEREAS, it is necessary to authorize the creation of the District under and in compliance with the laws of the State of Utah and to authorize other actions in connection therewith; and

WHEREAS, the governance of the District shall be in accordance with the PID Act and the terms of a governing document (the “Governing Document”) attached hereto as Exhibit B and an Interlocal Agreement between the Town and the District, attached to the Governing Document as Governing Document Exhibit C; and

WHEREAS, pursuant to the requirements of the Act, there shall be signed, authenticated, and submitted to the Office of the Lieutenant Governor of the State of Utah

a Notice of Boundary Action attached hereto as Exhibit C (the “Boundary Notice”) and a Final Entity Plat attached thereto as Boundary Notice Exhibit B (the “Plat”).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL, AS FOLLOWS:

1. Terms defined in the foregoing recitals shall have the same meaning when used herein. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Council and by officers of the Council directed toward the creation and establishment of the District, are hereby ratified, approved and confirmed.

2. The District is hereby created as a local district in accordance with the Governing Document and the Act. The boundaries of the District shall be as set forth in the Governing Document and the Plat.

3. Pursuant to the terms of the PID Act, the Council does hereby approve the annexation of any area within the Annexation Area Boundaries into the District without any further action of the Council or the Town and further approves withdrawal of any area within the District Boundaries (as defined in the Governing Document) or Annexation Area Boundaries from the District without any further action of the Council or the Town, upon compliance with the terms of the PID Act and the Governing Document.

4. It is hereby found and determined by the Council that the creation of the District is appropriate to the general welfare, order and security of the Town, and the organization of the District pursuant to the PID Act is hereby approved.

5. The Governing Document and the Interlocal Agreement in the form presented to this meeting and attached hereto as Exhibits B and Governing Document Exhibit C are hereby authorized and approved, and the District shall be governed by the terms thereof and applicable law.

6. The District Board is hereby appointed as follows:

- (a) Trustee 1 – Henry Isaksen, Jr. for an initial term of 6 years.
- (b) Trustee 2 – David Calder for an initial term of 4 years.
- (c) Trustee 3 – Kent Ohlsen for an initial term of 6 years.

7. The Council does hereby authorize the Mayor or a Council Member to execute the Boundary Notice in substantially the form attached as Exhibit C and such other documents as shall be required to finalize the actions contemplated herein on behalf of the Council for submission to the Office of the Lieutenant Governor of the State of Utah.

8. The Board of Trustees of the District (the “District Board”) is hereby authorized and directed to record such Governing Document with the recorder of Washington County within 30 days of the issuance of the Certificate of Incorporation by the Office of the Lieutenant Governor of the State of Utah.

9. 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.

10. All acts, orders and resolutions, and parts thereof in conflict with this Resolution be, and the same are hereby, rescinded.

11. This resolution shall take effect immediately.

PASSED AND ADOPTED by the Town Council of the Town of Apple Valley,
Utah, on February 17, 2021.

TOWN OF APPLE VALLEY, UTAH

By: _____
Mayor

ATTEST:

By: _____
Town Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, _____, the undersigned of the Town of Apple Valley, Utah (“the Town”), do hereby certify that I gave written public notice of the agenda, date, time and place of the regular meeting held by the Council (the “Council”) on February 17, 2021, not less than 24 hours in advance of the meeting. The public notice was given in compliance with the requirements of the Utah Open and Public Meetings Act, Section 52-4-202, Utah Code Annotated 1953, as amended, by:

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

(b) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be delivered to the Spectrum at least twenty-four (24) hours prior to the convening of the meeting; and

(c) By causing a copy of such Notice, in the form attached hereto as Schedule 1, to be published on the Utah Public Notice Website (<http://pmn.utah.gov>) at least twenty-four (24) hours prior to the convening of the meeting.

In addition, the Notice of 2021 Annual Meeting Schedule for the Council of (attached hereto as Schedule 2) was given specifying the date, time and place of the regular meetings of the Council of the Town to be held during the year, by causing said Notice to be (i) posted on _____ at the principal office of the Town, (ii) provided to at least one newspaper of general circulation within the geographic jurisdiction of the Town on _____ and (iii) published on the Utah Public Notice Website (<http://pmn.utah.gov>) during the current calendar year.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature this February 17, 2021.

By: _____
Town Recorder

SCHEDULE 1

NOTICE OF MEETING AND AGENDA



APPLE VALLEY TOWN COUNCIL
1777 N Meadowlark Dr, Apple Valley
Wednesday, February 17, 2021 at 6:00 PM

AGENDA

Notice is given that a meeting of the Town Council of the Town of Apple Valley will be held on **Wednesday, February 17, 2021**, commencing at **6:00 PM** or shortly thereafter at **1777 N Meadowlark Dr, Apple Valley**.

Mayor | Marty Lisonbee |

Council Members | Debbie Kopp | Paul Edwardsen | Mike McLaughlin | Dale Beddo |

Pursuant to the Executive Order issued by Governor Gary Herbert on March 18, 2020 regarding Electronic Public Meetings, please be advised that the meeting will be held electronically and broadcast via Zoom. Persons allowed to comment during the meeting may do so via Zoom. Login to the meeting by visiting:

<https://us02web.zoom.us/j/87553039157>

if the meeting requests a password use 386004

To call into meeting, dial (253) 215 8782 and use Meeting ID 875 5303 9157

CALL TO ORDER / PLEDGE OF ALLEGIANCE/ ROLL CALL

DECLARATION OF CONFLICTS OF INTEREST

MAYOR'S TOWN UPDATE

PUBLIC HEARING

DISCUSSION AND ACTION

1. Discussion and possible action on Resolution 2021-001, providing for the creation of Jepson Canyon Public Infrastructure District No. 1.
2. Discussion and possible action on Resolution 2021-002, providing for the creation of Jepson Canyon Public Infrastructure District No. 2.
3. Discussion and possible action on Resolution 2021-003, providing for the creation of Jepson Canyon Public Infrastructure District No. 3.
4. Agreement for Engineering service for the Town of Apple Valley General Plan by Sunrise Engineering

CONSENT AGENDA

5. Invoice Register -- January 2021
6. Financial Statements -- As of February 10th, 2021
7. Enter Text Here
8. Enter Text Here

REPORTS, RECOMMENDATIONS, AND ANNOUNCEMENTS

9. Resolution 2020-004: Appreciation for Public Works Volunteers
10. Presentation By Sunrise Engineering on the flood mitigation plan for Apple Valley proper.

11. Lot split application received on AV-5136-5-Q

PUBLIC COMMENTS

REQUEST FOR A CLOSED SESSION

ADJOURNMENT

Interested persons are encouraged to attend public hearings or present their views in writing at least one day prior to the meeting.

CERTIFICATE OF POSTING: I, John Barlow, as duly appointed Administrator for the Town of Apple Valley, hereby certify that this Hearing notice was posted at the Apple Valley Town Hall, the Utah Public Meeting Notice website <http://pmn.utah.gov>, the Town Website www.applevalleyut.gov and sent to The Spectrum on the **X nd day of MONTH, 20XX.**

Dated this X nd day of MONTH, 20XX

John Barlow, Town Administrator

Town of Apple Valley

THE PUBLIC IS INVITED TO PARTICIPATE IN ALL COMMUNITY EVENTS AND MEETINGS

In compliance with the American with Disabilities Act, individuals needing special accommodations (Including auxiliary communicative aids and services) during this meeting should call 435-877-1190.

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE



2021 ANNUAL MEETING SCHEDULE OF THE TOWN OF APPLE VALLEY

Public Notice is hereby given that the 2021 Annual Meeting Schedule of the Town Council of Apple Valley shall be as follows:

Regular Meetings of the Town Council of Apple Valley will be held during the year 2021 at 6:00 PM on the third Wednesday of each month, unless otherwise specified, at the Town Office Building, 1777 N Meadowlark Drive, Apple Valley, UT 84737.

Day	Month	Date
Wednesday	January	20
Wednesday	February	17
Wednesday	March	17
Wednesday	April	21
Wednesday	May	19
Wednesday	June	16
Wednesday	July	21
Wednesday	August	18
Wednesday	September	15
Wednesday	October	20
Wednesday	November	17
Wednesday	December	15

Other meetings scheduled, in addition to those specified herein, shall be held or canceled as circumstances require. An agenda of each meeting will be posted at:

Town of Apple Valley Website: <http://www.applevalleyut.com> and

State of Utah Public Notice Website: <https://www.utah.gov/pmn/index.html>

EXHIBIT B
GOVERNING DOCUMENT

**GOVERNING DOCUMENT
FOR**

JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3

TOWN OF APPLE VALLEY, UTAH

TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	Purpose and Intent.....	1
B.	Need for the District.....	1
C.	Objective of the Town Regarding District’s Governing Document.	1
II.	DEFINITIONS.....	2
III.	BOUNDARIES.....	4
IV.	PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION.	5
V.	DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES.....	5
A.	Powers of the District and Governing Document Amendment.	5
1.	Operations and Maintenance Limitation.....	5
2.	Construction Standards Limitation	5
3.	Procurement.	5
4.	Annexation and Withdrawal.	5
5.	Total Debt Issuance Limitation.....	6
6.	Bankruptcy Limitation	6
7.	Governing Document Amendment Requirement	6
B.	Preliminary Engineering Survey.....	7
VI.	THE BOARD OF TRUSTEES.....	7
A.	Board Composition..	7
B.	Transition to Elected Board	7
C.	Reelection and Reappointment..	7
D.	Vacancy.....	7
E.	Compensation.	7
F.	Conflicts of Interest.....	8
VII.	REGIONAL IMPROVEMENTS.....	8
VIII.	FINANCIAL PLAN.....	8
A.	General.....	8
B.	Maximum Voted Interest Rate and Maximum Underwriting Discount.	8
C.	Maximum Debt Mill Levy.....	8
D.	Maximum Property Tax Levy Imposition Term.....	9
E.	Debt Repayment Sources.....	9
F.	Debt Instrument Disclosure Requirement.....	9
G.	Security for Debt.....	9
H.	District’s Operating Costs.....	10
IX.	ANNUAL REPORT	10
A.	General.....	10
B.	Reporting of Significant Events.....	10

X. DISSOLUTION 10
XI. DISCLOSURE TO PURCHASERS..... 11
XII. INTERLOCAL AGREEMENT 11

LIST OF EXHIBITS

EXHIBIT A Legal Description
EXHIBIT B-1 Initial District Boundary Map
EXHIBIT B-2 Annexation Area Boundary Map
EXHIBIT C Interlocal Agreement between the District and Apple Valley

I. INTRODUCTION

A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the Town, and, except as may otherwise be provided for by State or local law or this Governing Document, its activities are subject to review by the Town only insofar as they may deviate in a material matter from the requirements of the Governing Document. It is intended that the District will provide a part or all of the Public Improvements for the use and benefit of all anticipated inhabitants and taxpayers of the District. The primary purpose of the District will be to finance the construction of these Public Improvements. The District is not being created to provide any ongoing operations and maintenance services.

B. Need for the District.

There are currently no other governmental entities, including the Town, located in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the Project. Formation of the District is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the Town Regarding the District's Governing Document.

The Town's objective in approving the Governing Document for the District is to authorize the District to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the District. All Debt is expected to be repaid by taxes imposed and collected for no longer than the Maximum Property Tax Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Property Tax Levy for commercial and residential properties, and/or repaid by Assessments. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

This Governing Document is intended to establish a limited purpose for the District and explicit financial constraints that are not to be violated under any circumstances. The primary purpose is to provide for the Public Improvements associated with development and regional needs.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt.

The District shall be authorized to finance the Public Improvements that can be funded from Debt to be repaid from Assessments or from tax revenues collected from a mill levy which shall not exceed the Maximum Property Tax Levy on taxable properties and which shall not exceed the Maximum Property Tax Levy Imposition Term on taxable properties. It is the intent

of this Governing Document to assure to the extent possible that no taxable property bear an economic burden that is greater than that associated with the Maximum Property Tax Levy in amount and that no taxable property bear an economic burden that is greater than that associated with the Maximum Property Tax Levy Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

II. DEFINITIONS

In this Governing Document, the following terms shall have the meanings indicated below, unless the context hereof clearly requires otherwise:

Annexation Area Boundaries: means the boundaries of the area described in the Annexation Area Boundary Map which have been approved by the Town for annexation into the District upon the meeting of certain requirements.

Annexation Area Boundary Map: means the map attached hereto as **Exhibit B-2**, describing the property proposed for annexation within the District.

Approved Development Plan: means the general development plan that is approved under the Development Agreement for the Jepson Canyon Resort that is dated June 12, 2019, as may be amended from time to time.

Assessment: means assessments levied in an assessment area created within the District.

Board: means the board of trustees of the District.

Bond, Bonds or Debt: means bonds or other obligations, including loans of any property owner, for the payment of which the District has promised to impose an ad valorem property tax mill levy, and/or collect Assessments.

Town: means the Town of Apple Valley, Utah.

Town Code: means the Town Code of Apple Valley, Utah.

Town Council: means the Apple Valley Town Council.

Development Agreement: Means the Development Agreement for the Jepson Canyon Resort that is dated June 12, 2019, as may be amended from time to time.

District: means the JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3.

District Area: means the property within the Initial District Boundary Map and the Annexation Area Boundary Map.

End User: means any owner, or tenant of any owner, of any taxable improvement within the District, who is intended to become burdened by the imposition of ad valorem property

taxes subject to the Maximum Property Tax Levy. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an End User. The business entity that constructs homes or commercial structures is not an End User.

Fees: means any fee imposed by the District for administrative services provided by the District.

Financial Plan: means the Financial Plan described in Section VIII which describes (i) the potential means whereby the Public Improvements may be financed; (ii) how the Debt is expected to be incurred; and (iii) the estimated operating revenue derived from property taxes for the first budget year.

General Obligation Debt: means a Debt that is directly payable from and secured by ad valorem property taxes that are levied by the District and does not include Limited Tax Debt.

Governing Document: means this Governing Document for the District approved by the Town Council.

Governing Document Amendment: means an amendment to the Governing Document approved by the Town Council in accordance with the Town's ordinance and the applicable state law and approved by the Board in accordance with applicable state law.

Initial District Boundaries: means the boundaries of the area described in the Initial District Boundary Map.

Initial District Boundary Map: means the map attached hereto as **Exhibit B-1**, describing the District's initial boundaries.

Limited Tax Debt: means a debt that is directly payable from and secured by ad valorem property taxes that are levied by the District which may not exceed the Maximum Property Tax Levy.

Local District Act: means Title 17B of the Utah Code, as amended from time to time.

Maximum Property Tax Levy: means the maximum property tax levy the District is permitted to impose for payment of Debt as set forth in Section VIII.C below.

Maximum Debt Property Tax Levy Imposition Term: means the maximum term for imposition of a mill levy for any given series of bonds as set forth in Section VIII.D below.

Municipal Advisor: means a consultant who: (i) advises Utah governmental entities on matters relating to the issuance of securities by Utah governmental entities, including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (ii) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place; and (iii) is not an officer or employee of the District

and has not been otherwise engaged to provide services in connection with the transaction related to the applicable Debt.

Project: means the development or property commonly referred to as Jepson Canyon Resort Development.

PID Act: means Title 17B, Chapter 2a, Part 12 of the Utah Code, as amended from time to time.

Public Improvements: Public Improvements means the following infrastructure that will be deeded, dedicated or otherwise transferred to the Town of Apple Valley or the Big Plains Water and Sewer District upon completion: The cost of planning, designing, acquiring, constructing, installing, and financing of a part or all of the water tanks, package sewer plants or other sewer infrastructure, roads (Highway 59 to the hilltop; Hilltop Road; new Apple Drive as shown on the development plan for the Project), standard round-a-bouts, utilities, and other traditional subdivision infrastructure serving the District. Public Improvements also include the underlying real property for the foregoing, water rights acquired for the District, and the public park that is specified under the Development Agreement. Public Improvements does not include the cost of planning, designing, acquiring, constructing, installing, and financing of any private or non-public infrastructure.

Regional Improvements: means Public Improvements and facilities that benefit the District Area and which are to be financed pursuant to Section VII below.

State: means the State of Utah.

Taxable Property: means real or personal property within the District subject to ad valorem taxes imposed by the District.

Trustee: means a member of the Board.

Utah Code: means the Utah Code Annotated 1953, as amended.

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately 88.35 acres, and the total area proposed to be included in the Annexation Area Boundaries is approximately 130.88 acres. A legal description of the Initial District Boundaries is attached hereto as **Exhibit A**. A map of the Initial District Boundaries is attached hereto as **Exhibit B-1**, and a map of the Annexation Area Boundaries is attached hereto as **Exhibit B-2**. It is anticipated that the District's boundaries may change from time to time as it undergoes annexations and withdrawals pursuant to Section 17B-2a-1204, Utah Code, subject to Article V below. The District has prior consent from the Town to annex or withdraw any property within the Annexation Area Boundaries, without seeking further approval from the Town.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The District consists of approximately 88.35 acres of unimproved land. The current assessed valuation of the District is approximately \$30.00 for purposes of this Governing Document and, at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. The full-time resident population of the District at build-out is estimated to be approximately 180 people.

V. DESCRIPTION OF POWERS, IMPROVEMENTS, AND SERVICES

A. Powers of the District and Governing Document Amendment.

The District shall have the power and authority to provide the Public Improvements within and without the boundaries of the District as such power and authority is described in the Local District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein.

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the Town or other appropriate public entity or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code.

2. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction.

3. Procurement. The District shall be subject to the Utah Procurement Code, Title 63G, Chapter 6a. Notwithstanding this requirement, the District may acquire property and completed or partially completed improvements for fair market value as determined by the Board.

4. Annexation and Withdrawal.

(a) The District shall not include within any of its boundaries any property outside the Annexation Area without the prior written consent of the Town. The Town, by resolution, has consented to the annexation of any area within the Annexation Area Boundaries into the District. Such area may only be annexed upon the District obtaining consent of all property owners and registered voters, if any, within the area proposed to be annexed and the passage of a resolution of the Board approving such annexation. The District's annexation right under this Section V.A.4(a) may be irrevocably abandoned as to a specified part of the District Area by the following actions: (i) the District enacts a resolution that particularly describes the area to which the abandonment applies; and (ii) the District records an instrument with the Washington County Recorder that identifies the area to which the abandonment applies.

(b) The Town, by resolution, has consented to the withdrawal of any area within the District Boundaries from the District. Such area may only be withdrawn upon the

District obtaining consent of all property owners and registered voters, if any, within the area proposed to be withdrawn and the passage of a resolution of the Board approving such annexation.

(c) Any annexation or withdrawal shall be in accordance with the requirements of the PID Act.

(d) Upon any annexation or withdrawal, the District shall provide the Town a description of the revised District Boundaries.

(e) Annexation or withdrawal of any area in accordance with V.A.4(a) and (b) shall not constitute an amendment of this Governing Document.

5. Total Debt Issuance Limitation. The District shall not issue Debt in excess of \$10,000,000. This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

6. Bankruptcy Limitation. All of the limitations contained in this Governing Document, including, but not limited to, those pertaining to the Maximum Property Tax Levy, Maximum Property Tax Levy Imposition Term and the Fees have been established under the authority of the Town to approve a Governing Document with conditions pursuant to Section 17B-2a-1204(4), Utah Code. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Governing Document Amendment; and

(b) Are, together with all other requirements of Utah law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Property Tax Levy and the Maximum Property Tax Levy Imposition Term, shall be deemed a material violation of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Governing Document Amendment.

7. Governing Document Amendment Requirement.

(a) This Governing Document has been drafted with sufficient flexibility to enable the District to provide required facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-6 above or in VIII.B-G. shall be deemed to be material violations of this Governing Document and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

(b) Subject to the limitations and exceptions contained herein, this Governing Document may be amended by passage of a resolutions of the Town and the District approving such amendment.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, maintenance, and financing of the Public Improvements within and without the boundaries of the District, as contemplated in an Approved Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the District Area and is approximately \$5,000,000.

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be compatible with those of the Town and/or any other applicable public entity and shall be in accordance with the requirements of the Approved Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

VI. THE BOARD OF TRUSTEES

A. Board Composition. The Board shall be composed of 3 Trustees who shall be appointed by the Town Council pursuant to the PID Act. All seats are considered to be at large. Trustee terms shall be staggered with initial terms as follows: Trustees 1 and 3 shall serve an initial term of 6 years. Trustee 2 shall serve an initial term of 4 years. In accordance with the PID Act, appointed Trustees shall not be required to be residents of the District.

B. Transition to Elected Board. Board seats shall transition from appointed to elected seats six years from the date of any bond issuance by the District. No transition pursuant to this Section shall become effective until the next scheduled regular election of the District.

C. Reelection and Reappointment. Upon the expiration of a Trustee's respective term, any seat which has not transitioned to an elected seat shall be appointed by the Town Council pursuant to the PID Act and any seat which has transitioned to an elected seat shall be elected pursuant to an election held for such purpose. In the event that no qualified candidate files to be considered for appointment or files a declaration of candidacy for a seat, such seat may be filled in accordance with the Local District Act.

D. Vacancy. Any vacancy on the Board shall be filled pursuant to the Local District Act and this Governing Document. If a vacancy occurs in any board seat before it has transitioned to an elected position under VI.B, the Town will fill the vacancy by appointing an individual who is an agent for the same property owner for whom the outgoing trustee was an agent.

E. Compensation. Only Trustees who are residents of the District may be compensated for services as Trustee. Such compensation shall be in accordance with State Law.

F. Conflicts of Interest. Trustees shall disclose all conflicts of interest. Any Trustee who discloses such conflicts in accordance with 17B-2a-1205 and 67-16-9, Utah Code, shall be entitled to vote on such matters.

VII. REGIONAL IMPROVEMENTS

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements.

VIII. FINANCIAL PLAN

A. General.

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The Financial Plan for the District shall be to issue such Debt as the District can reasonably pay within the Maximum Property Tax Levy Imposition Term from revenues derived from the Maximum Property Tax Levy, Assessments and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed \$10,000,000 Dollars and shall be permitted to be issued on a schedule and in such year or years as the District determine shall meet the needs of the Financial Plan referenced above and phased to serve development as it occurs. Any portion of bonds issued to refund a prior issuance of debt by the District shall not count against the permitted total Debt. All bonds and other Debt issued by the District may be payable from any and all legally available revenues of the District, including general ad valorem taxes to be imposed upon all Taxable Property within the District and Assessments. These will include the power to assess Fees, penalties, or charges, including as provided in Section 17B-2a-1210, Utah Code, as amended from time to time.

B. Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Governing Document, State law and Federal law as then applicable to the issuance of public securities.

C. Maximum Property Tax Levy.

(a) The maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Limited Tax Debt shall be 9 mills (the “Maximum Property Tax Levy”); provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8), Utah Code.

(b) Such Maximum Property Tax Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17B-2a-1205, Utah Code.

D. Maximum Property Tax Levy Imposition Term.

Each bond issued by the District shall mature within 40 years from the date of issuance of such bond. In addition, no mill levy may be imposed for the repayment of a series of bonds after a period exceeding 40 years from the date of issuance of such bond (the “Maximum Property Tax Levy Imposition Term”).

E. Debt Repayment Sources.

The District may impose a mill levy on taxable property within its boundaries as a primary source of revenue for repayment of debt service. The District may also rely upon various other revenue sources authorized by law. At the District’s discretion, these may include the power to assess Assessments, penalties, or charges, including as provided in Section 17B-2a-1210, Utah Code, as amended from time to time. Except as described in Section VIII.C(a), the debt service mill levy in the District shall not exceed the Maximum Property Tax Levy or, the Maximum Property Tax Levy Imposition Term, except for repayment of General Obligation Debt.

The District shall not be permitted to charge an End User the costs of any portion of a Public Improvement for which such End User has already paid or is presently obligated to pay through any combination of mill levy, Assessment, or impact fee. This provision shall not prohibit the division of costs between mill levies, Assessments, or impact fees, but is intended to prevent double taxation of End Users for the costs of Public Improvements.

F. Debt Instrument Disclosure Requirement.

In the text of each Bond and any other instrument representing and constituting Debt, the District shall set forth a statement in substantially the following form:

By acceptance of this instrument, the owner of this Bond agrees and consents to all of the limitations in respect of the payment of the principal of and interest on this Bond contained herein, in the resolution of the District authorizing the issuance of this Bond and in the Governing Document for creation of the District.

Similar language describing the limitations in respect of the payment of the principal of and interest on Debt set forth in this Governing Document shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a developer of property within the boundaries of the District.

G. Security for Debt.

The District shall not pledge any revenue or property of the Town as security for the indebtedness set forth in this Governing Document. Approval of this Governing Document shall not be construed as a guarantee by the Town of payment of any of the District’s obligations;

nor shall anything in the Governing Document be construed so as to create any responsibility or liability on the part of the Town in the event of default by the District in the payment of any such obligation.

H. District's Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be \$100,000 Dollars, which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the District will require operating funds for administration and to plan and cause the Public Improvements to be constructed. The first year's operating budget is estimated to be approximately \$50,000 Dollars, which will be eligible for reimbursement from Debt proceeds.

IX. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the Town Manager's Office no later than July 1st of each year following the year in which the District was created.

B. Reporting of Significant Events.

The annual report shall include information as to any of the following:

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
2. List of current interlocal agreements, if changed (to be delivered to the Creating Entity upon request);
3. Names and terms of Board members and officers and progress towards milestones required for transition to elected Board;
4. District office contact information;
5. Rules and regulations of the District regarding bidding, conflict of interest, contracting, and other governance matters, if changed;
6. A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year;
7. Status of the District's construction of the Public Improvements as of December 31 of the prior year and listing all facilities and improvements constructed by the District that have been dedicated to and accepted by the Town as of December 31 of the prior year;

8. A table summarizing total debt authorized and total debt issued by the District as well as any presently planned debt issuances;
9. Official statements of current outstanding bonded indebtedness, if not previously provided to the Creating Entity;
10. The assessed valuation of the District for the current year;
11. Current year budget including a description of the Public Improvements to be constructed in such year;
12. Audit of the District's financial statements, for the year ending December 31 of the previous year, but only if requested by the Town Council or required under Utah Code Section 51-2a-201, as amended;
13. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and
14. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

X. DISSOLUTION

Upon an independent determination of the Town Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

XI. DISCLOSURE TO PURCHASERS

Within thirty (30) days of receipt of a certificate of incorporation from the Lieutenant Governor's Office, the Board shall record a notice with the Washington County Recorder. The notice shall (a) contain a description of the boundaries of the District, (b) state that a copy of this Governing Document is on file at the office of the Town, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Property Tax Levy of the District; and (e) if applicable, stating that the debt may convert to general obligation debt and outlining the provisions relating to conversion. Such notice shall further be filed with the Town.

XII. INTERLOCAL AGREEMENT

The form of the Interlocal Agreement relating to the limitations imposed on the District's activities is attached hereto as **Exhibit C**. The District shall approve the Interlocal Agreement in the form attached as **Exhibit C** at its first Board meeting after its creation. Failure of the District to execute the Interlocal Agreement as required herein shall constitute a material violation. The Town Council shall approve the Interlocal Agreement in the form attached as **Exhibit C** at the public meeting approving the Governing Document.

EXHIBIT A

Legal Description

**JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3
BOUNDARY DESCRIPTION**

A PARCEL OF LAND LOCATED IN THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30. PARCEL ALSO LOCATED IN THE EAST HALF OF THE NORTHWEST QUARTER, THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, AND THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 31, TOWNSHIP 42 SOUTH, RANGE 11 WEST, SALT LAKE BASE & MERIDIAN, WASHINGTON COUNTY, UTAH, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 30; SAID POINT BEING THE TRUE POINT OF BEGINNING;

THENCE RUNNING S.89°49'50"W. A DISTANCE OF 1350.41 FEET; THENCE N.00°04'34"E. A DISTANCE OF 990.77 FEET; THENCE S.89°55'26"E. A DISTANCE OF 570.86 FEET TO A POINT OF CURVATURE OF A 1555.00-FOOT RADIUS NON-TANGENT CURVE TO THE LEFT; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 298.31 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 10°59'29" AND A CHORD THAT BEARS N.05°47'46"E. A DISTANCE OF 297.85 FEET; THENCE N.89°55'02"E. A DISTANCE OF 744.46 FEET; THENCE S.89°58'11"E. A DISTANCE OF 887.33 FEET; THENCE S.54°26'16"E. A DISTANCE OF 584.45 FEET; THENCE S.30°25'00"W. A DISTANCE OF 182.63 FEET TO A POINT OF CURVATURE OF A 57.67-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 91.30 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 90°42'37" AND A CHORD THAT BEARS S.75°41'38"W. A DISTANCE OF 82.06 FEET; THENCE N.50°55'59"W. A DISTANCE OF 48.14 FEET; THENCE S.38°47'54"W. A DISTANCE OF 83.65 FEET; THENCE S.50°18'30"E. A DISTANCE OF 20.73 FEET TO A POINT OF CURVATURE OF A 95.50-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 148.13 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 88°52'14" AND A CHORD THAT BEARS S.05°52'23"E. A DISTANCE OF 133.72 FEET; THENCE S.38°33'44"W. A DISTANCE OF 47.16 FEET TO A POINT OF CURVATURE OF A 67.50-FOOT RADIUS TANGENT CURVE TO THE LEFT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 19.31 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 16°23'25" AND A CHORD THAT BEARS S.30°22'01"W. A DISTANCE OF 19.24 FEET; THENCE S.22°10'18"W. A DISTANCE OF 13.95 FEET TO A POINT OF CURVATURE OF A 28.96-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 8.28 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 16°23'25" AND A CHORD THAT BEARS S.29°21'29"W. A DISTANCE OF 8.26 FEET; THENCE S.38°33'44"W.

A DISTANCE OF 53.00 FEET; THENCE N.58°10'40"W. A DISTANCE OF 385.06 FEET; THENCE S.04°00'43"W. A DISTANCE OF 14.94 FEET TO A POINT OF CURVATURE OF A 125.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 56.73 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 26°00'07" AND A CHORD THAT BEARS S.17°00'37"W. A DISTANCE OF 56.24 FEET; THENCE S.30°07'30"W. A DISTANCE OF 29.29 FEET TO A POINT OF CURVATURE OF A 200.00-FOOT RADIUS TANGENT CURVE TO THE LEFT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 91.71 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 26°16'27" AND A CHORD THAT BEARS S.16°59'17"W. A DISTANCE OF 90.91 FEET; THENCE S.03°51'04"W. A DISTANCE OF 24.94 FEET TO A POINT OF CURVATURE OF A 150.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 67.44 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 25°45'33" AND A CHORD THAT BEARS S.16°43'50"W. A DISTANCE OF 66.87 FEET; THENCE S.29°36'37"W. A DISTANCE OF 61.95 FEET TO A POINT OF CURVATURE OF A 50.00-FOOT RADIUS TANGENT CURVE TO THE LEFT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 38.15 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 43°43'15" AND A CHORD THAT BEARS S.07°44'59"W. A DISTANCE OF 37.23 FEET; THENCE S.13°17'02"E. A DISTANCE OF 30.74 FEET TO A POINT OF CURVATURE OF A 120.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 125.26 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 59°48'20" AND A CHORD THAT BEARS S.16°36'34"W. A DISTANCE OF 119.65 FEET TO A POINT OF CURVATURE OF A 55.00-FOOT RADIUS REVERSE TANGENT CURVE TO THE LEFT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 63.70 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 66°21'24" AND A CHORD THAT BEARS S.13°20'01"W. A DISTANCE OF 60.20 FEET; THENCE S.19°50'41"E. A DISTANCE OF 127.11 FEET TO A POINT OF CURVATURE OF A 80.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 56.71 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 40°36'52" AND A CHORD THAT BEARS S.00°27'45"W. A DISTANCE OF 55.53 FEET; THENCE S.20°46'11"W. A DISTANCE OF 35.19 FEET TO A POINT OF CURVATURE OF A 100.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 88.92 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 50°56'43" AND A CHORD THAT BEARS S.46°14'32"W. A DISTANCE OF 86.02 FEET TO A POINT OF CURVATURE OF A 50.00-FOOT RADIUS REVERSE TANGENT CURVE TO THE LEFT; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 66.76 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 76°29'49" AND A CHORD THAT BEARS S.33°28'00"W. A DISTANCE OF 61.91 FEET; THENCE S.04°46'55"E. A DISTANCE OF 15.05 FEET; THENCE N.85°46'30"E. A DISTANCE OF 0.47 FEET;

THENCE S.04°32'44"E. A DISTANCE OF 47.50 FEET; THENCE S.85°41'49"W. A DISTANCE OF 62.28 FEET;

TO A POINT OF CURVATURE OF A 117.00-FOOT RADIUS TANGENT CURVE TO THE RIGHT; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 58.46 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 28°37'50" AND A CHORD THAT BEARS N.79°59'17"W. A DISTANCE OF 57.86 FEET TO A POINT OF CURVATURE OF A 1200.00-FOOT RADIUS REVERSE TANGENT CURVE TO THE LEFT; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 79.71 FEET, SAID CURVE HAVING A CENTRAL ANGLE OF 03°48'22" AND A CHORD THAT BEARS N.67°34'32"W. A DISTANCE OF 79.70 FEET; THENCE S.02°07'27"E. A DISTANCE OF 115.89 FEET; THENCE S.07°42'09"E. A DISTANCE OF 156.46 FEET; THENCE S.46°58'47"W. A DISTANCE OF 202.69 FEET; THENCE S.35°11'51"W. A DISTANCE OF 179.48 FEET; THENCE S.26°04'28"W. A DISTANCE OF 52.70 FEET; THENCE S.38°41'00"W. A DISTANCE OF 130.79 FEET; THENCE S.32°45'26"W. A DISTANCE OF 235.34 FEET; THENCE S.70°01'56"W. A DISTANCE OF 110.39 FEET; THENCE S.28°22'37"W. A DISTANCE OF 211.44 FEET; THENCE S.26°35'03"W. A DISTANCE OF 252.82 FEET; THENCE S.03°25'10"E. A DISTANCE OF 237.11 FEET; THENCE S.00°50'24"W. A DISTANCE OF 406.14 FEET; THENCE S.44°29'19"W. A DISTANCE OF 118.83 FEET; THENCE S.14°25'41"W. A DISTANCE OF 270.17 FEET; THENCE S.06°13'15"W. A DISTANCE OF 126.05 FEET; THENCE S.08°43'37"E. A DISTANCE OF 204.60 FEET; THENCE S.05°48'36"E. A DISTANCE OF 90.25 FEET; THENCE S.71°06'23"E. A DISTANCE OF 198.47 FEET; THENCE S.42°47'04"W. A DISTANCE OF 108.69 FEET; THENCE S.20°06'39"W. A DISTANCE OF 53.85 FEET; THENCE S.31°08'38"W. A DISTANCE OF 76.38 FEET; THENCE S.24°44'44"W. A DISTANCE OF 103.22 FEET; THENCE S.55°35'00"W. A DISTANCE OF 104.75 FEET; THENCE S.61°16'50"W. A DISTANCE OF 43.64 FEET; THENCE S.85°08'22"W. A DISTANCE OF 58.23 FEET; THENCE S.83°00'16"W. A DISTANCE OF 93.12 FEET; THENCE S.89°47'08"W. A DISTANCE OF 134.84 FEET; THENCE S.82°05'58"W. A DISTANCE OF 103.48 FEET; THENCE S.76°20'23"W. A DISTANCE OF 71.36 FEET; THENCE N.18°19'43"E. A DISTANCE OF 3664.47 FEET TO THE POINT OF BEGINNING.

CONTAINING 3,848,380 SQ.FT. OR 88.35 ACRES.

EXHIBIT B-2: ANNEXATION AREA BOUNDARY MAP

Includes the area within Jepson Canyon Public Infrastructure District Nos. 1 and 2:

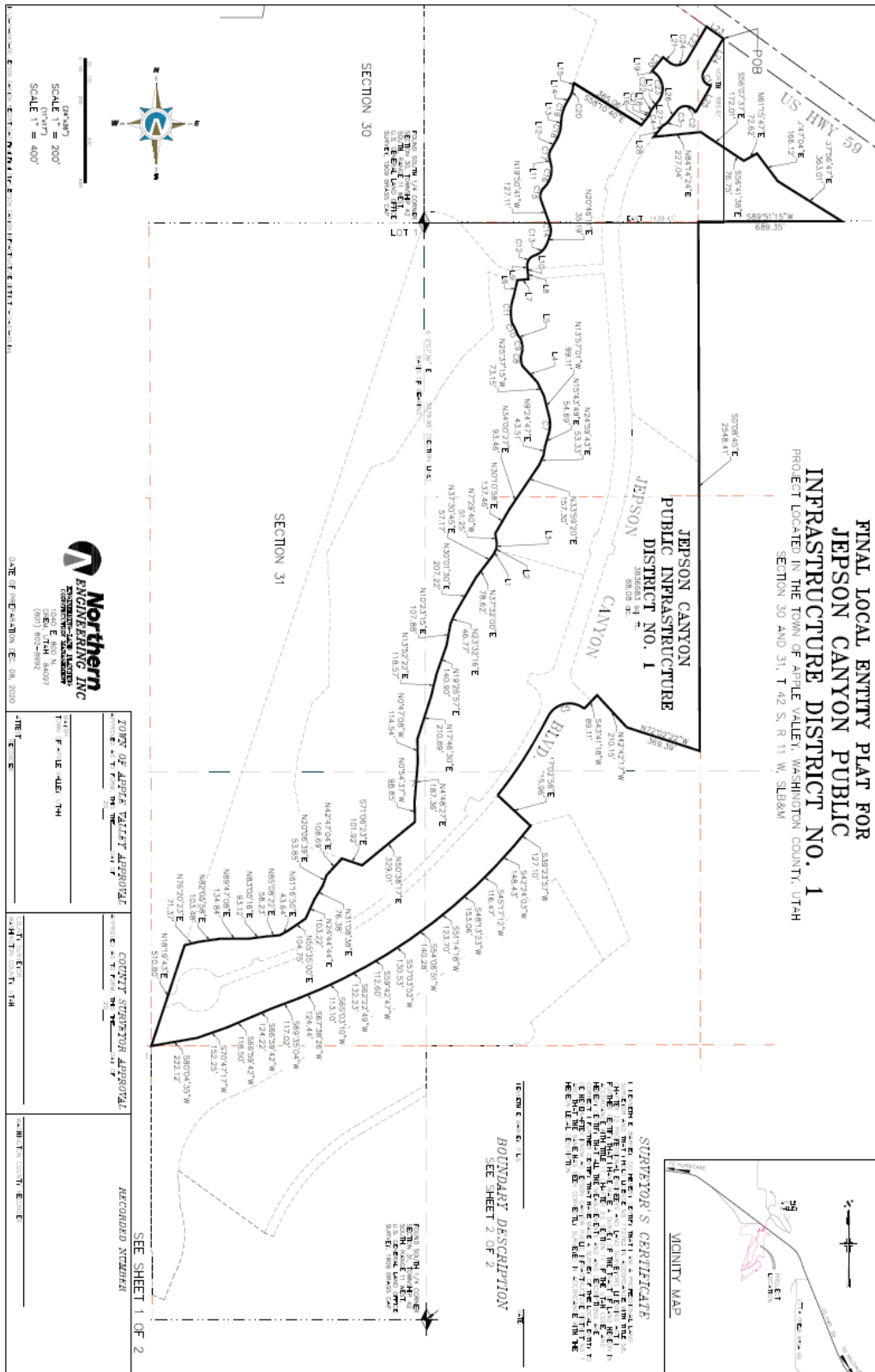


EXHIBIT C

Interlocal Agreement between the District and Town of Apple Valley

INTERLOCAL AGREEMENT BETWEEN
TOWN OF APPLE VALLEY, UTAH
AND
JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3

THIS AGREEMENT is made and entered into as of this ___ day of _____, _____, by and between the Town of Apple Valley, a municipal corporation of the State of Utah (“Town”), and JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3, a political subdivision of the State of Utah (the “District”). The Town and the District are collectively referred to as the Parties.

RECITALS

WHEREAS, the District was organized to provide to exercise powers as are more specifically set forth in the District’s Governing Document approved by the Town (“Governing Document”); and

WHEREAS, the Governing Document makes reference to the execution of an Interlocal Agreement between the Town and the District; and

WHEREAS, the Town and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Interlocal Agreement (“Agreement”).

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The District shall dedicate the Public Improvements (as defined in the Governing Document) to the Town or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the Town and applicable provisions of the Town Code.

2. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the Town and of other governmental entities having proper jurisdiction, as applicable. The District will obtain the Town’s approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. Inclusion Limitation. The District shall not include within any of its boundaries any property outside the District Area without the prior written consent of the Town. The District shall not include within any of its boundaries any property inside the inclusion area boundaries without the prior written consent of the Town except upon consent of the surface property owners of 100 percent of such property and/or 100 percent of registered voters within the area to be included, as applicable, as provided in Section 17B-2a-1204(3), Utah Code.

4. Total Debt Issuance. The District shall not issue Debt in excess of \$10,000,000 Dollars. This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

5. Bankruptcy. All of the limitations contained in the Governing Document, including, but not limited to, those pertaining to the Maximum Property Tax Levy and the Maximum Property Tax Levy Imposition Term have been established under the authority of the Town to approve a Governing Document with conditions pursuant to Section 17B-2a-1204(4), Utah Code. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Governing Document Amendment; and

(b) Are, together with all other requirements of Utah law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Property Tax Levy and the Maximum Property Tax Levy Imposition Term, shall be deemed a material violation of the Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the Town as part of a Governing Document Amendment.

6. Dissolution. Upon an independent determination of the Town Council that the purposes for which the District was created have been accomplished, the District agrees to file petitions in the appropriate District Court for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until the District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

7. Disclosure to Purchasers. Within thirty (30) days of the Lieutenant Governor’s issuance of a certificate of incorporation for the District, the Board shall record a notice with the Washington County Recorder. Such notice shall (a) contain a description of the boundaries of the District, (b) state that a copy of this Governing Document is on file at the office of the Town, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Property Tax Levy of the District; and (d) if applicable, stating that the debt may convert to general obligation debt and outlining the provisions relating to conversion. Such notice shall further be filed with the Town.

8. Governing Document Amendment Requirement. Actions of the District which violate the limitations set forth in V.A.1-6 or VIII.B-G of the Governing Document shall be deemed to be material violations to the Governing Document and the Town shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

9. Annual Report. The District shall be responsible for submitting an annual report to the Town Manager’s Office no later than July 1st of each year following the year in which the

District was created, containing the information set forth in Section IX of the Governing Document.

10. Regional Improvements. The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements.

11. Maximum Property Tax Levy.

(a) The maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Limited Tax Debt shall be 9 mills (the “Maximum Property Tax Levy”); provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8).

(b) Such Maximum Property Tax Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17B-2a-1205.

12. Maximum Property Tax Levy Imposition Term. Each bond issued by the District shall mature within 40 years from the date of issuance of such bond. In addition, no mill levy may be imposed for the repayment of a series of bonds after a period exceeding 40 years from the date of issuance of such bond (the “Maximum Property Tax Levy Imposition Term”).

13. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District: JEPSON CANYON PUBLIC INFRASTRUCTURE
DISTRICT NO. 3
Attn: Henry Isaksen
2059 N. Chettro Trail
St. George, UT 84770
Phone: (435) 680-7500

To the Town: Town of Apple Valley
1777 North Meadowlark Drive
Apple Valley, UT 84737
Attn: Mayor’s Office
Phone: (435) 877-1190

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof

in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

14. Amendment. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Governing Document.

15. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

16. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

17. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Utah.

18. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

19. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

20. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the Town any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the Town shall be for the sole and exclusive benefit of the District and the Town.

21. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

23. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

24. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Governing Document.

Executed as of the date indicated on the first page of this Agreement.

**JEPSON CANYON PUBLIC
INFRASTRUCTURE DISTRICT NO. 3**

By: _____
Chair

Attest:

Clerk

TOWN OF APPLE VALLEY, UTAH

By: _____
Mayor

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

EXHIBIT C

NOTICE OF BOUNDARY ACTION

NOTICE OF IMPENDING BOUNDARY ACTION

TO: The Lieutenant Governor, State of Utah

NOTICE IS HEREBY GIVEN that the Town Council of the Town of Apple Valley, Utah (the “Council”), acting in its capacity as the creating entity for the JEPSON CANYON PUBLIC INFRASTRUCTURE DISTRICT NO. 3 (the “District”), at a regular meeting of the Council, duly convened pursuant to notice, on February 17, 2021 adopted a *Resolution Providing for the Creation of a Public Infrastructure District*, a true and correct copy of which is attached as EXHIBIT “A” hereto and incorporated by this reference herein (the “Creation Resolution”).

A copy of the Final Local Entity Plat satisfying the applicable legal requirements as set forth in Utah Code Ann. §17-23-20, approved as a final local entity plat by the Surveyor of Washington County, Utah, is attached as EXHIBIT “B” hereto and incorporated by this reference. The Council hereby certifies that all requirements applicable to the creation of the District, as more particularly described in the Creation Resolution, have been met. The District is not anticipated to result in the employment of personnel.

WHEREFORE, the Council hereby respectfully requests the issuance of a Certificate of Incorporation pursuant to and in conformance with the provisions of Utah Code Ann. §17B-1-215.

DATED this _____ day of _____, 2021.

**TOWN COUNCIL, TOWN OF APPLE VALLEY, UTAH,
acting in its capacity as the creating authority for
JEPSON CANYON PUBLIC INFRASTRUCTURE
DISTRICT NO. 3,**

By: _____
Mayor

VERIFICATION

STATE OF UTAH)
 :ss.
County of Washington)

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2021.

NOTARY PUBLIC

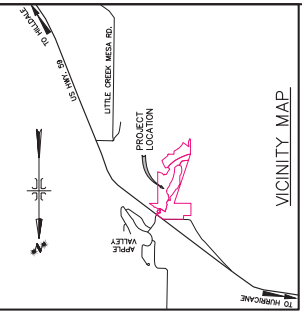
EXHIBIT "A"

Copy of the Creation Resolution

EXHIBIT "B"

Final Local Entity Plat

**FINAL LOCAL ENTITY PLAT FOR
JEPSON CANYON PUBLIC
INFRASTRUCTURE DISTRICT NO. 3**
SECTION 30 AND 31, T 42 S, R 11 W, SLB&M

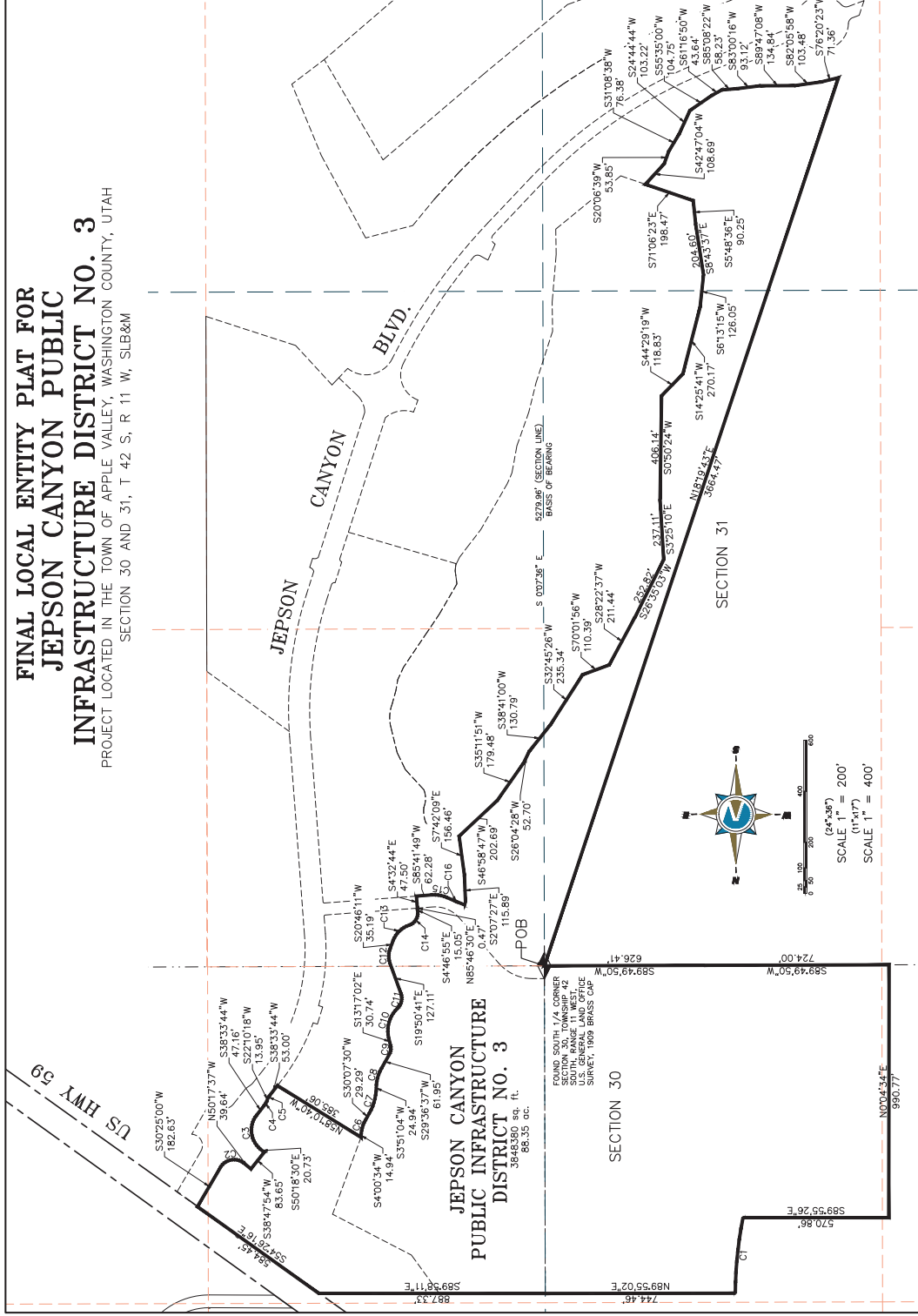


SURVEYOR'S CERTIFICATE
I, KENNETH E. BARNEY, DO HEREBY CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR IN THE STATE OF UTAH, LICENSE NO. 10001, UNDER CHAPTER 22 PROFESSIONAL ENGINEERS AND LAND SURVEYORS LICENSING ACT, IN ACCORDANCE WITH TITLE 17, CHAPTER 22, SECTIONS 22-2-1 TO 22-2-10, AND I HEREBY CERTIFY THAT ALL THE MEASUREMENTS AND DESCRIPTIONS ARE TRUE AND CORRECT AND THAT THE SAME HAS BEEN CORRECTLY SURVEYED IN ACCORDANCE WITH THE HERON LEGAL DESCRIPTION.

BOUNDARY DESCRIPTION
SEE SHEET 2 OF 2

KENNETH E. BARNEY, P.L.S.
DATE: _____

FOUND SOUTH 1/4 CORNER
SECTION 31, TOWNSHIP 42
SOUTH RANGE 11 WEST,
U.S. GENERAL LAND OFFICE
SURVEY, 1909 BRASS CAP



SEE SHEET 1 OF 2
RECORDED NUMBER

TOWN OF APPLE VALLEY APPROVAL
APPROVED AS TO FORM, _____ DATE OF _____

COUNTY SURVEYOR APPROVAL
APPROVED AS TO FORM, _____ DATE OF _____

Northern ENGINEERING INC
ENGINEERING-PLANNING
CONSTRUCTION MANAGEMENT
1040 E. 800 N., SUITE 100
CANYON, UTAH 84007
(801) 802-8992

DATE OF PREPARATION DEC. 08, 2020

COUNTY SURVEYOR
WASHINGTON COUNTY, UTAH
RECORDER

