

Payson, Utah

September 2, 2020

The City Council (the "Council") of the Payson City, Utah (the "City"), met in regular session (including by electronic means) on Wednesday September 2, 2020, at its regular meeting place in Payson, Utah at 5:00 p.m., with the following members of the Council being present:

William R. Wright	Mayor
Linda Carter	Council Member
Brett Christensen	Council Member
Brian Hulet	Council Member
Taresa Hiatt	Council Member
Doug Welton	Council Member

Also present:

Kim E. Holindrake	City Recorder
Dave Tuckett	City Manager

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this Resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this September 2, 2020, 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 Councilmember Christensen and seconded by Councilmember Welton adopted by the following vote:

YES: Linda Carter
Brett Christensen
Brian Hulet
Taresa Hiatt
Doug Welton

NO:

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



ENT 167752:2020 PG 1 of 47
JEFFERY SMITH
UTAH COUNTY RECORDER
2020 Oct 27 8:55 am FEE 0.00 BY MA
RECORDED FOR PAYSON CITY CORPORATION

RESOLUTION NO. 09-02-2020-D

A RESOLUTION OF THE CITY COUNCIL (THE “COUNCIL”) OF THE CITY OF PAYSON, UTAH (THE “CITY”), PROVIDING FOR THE CREATION OF RED BRIDGE 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 City 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 City and approve an annexation area (the “Annexation Area”) which any of the districts may annex into therein without further approval or hearings of the City or the Council, as further described in Governing Document Exhibits A, C-1 and C-2 (as hereinafter defined) for the purpose of financing public infrastructure costs; and

WHEREAS, pursuant to the terms of the Act, the City 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 City 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 City prior to consideration of this Resolution, a public hearing was held 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 City and the District, attached to the Governing Document as Governing Document Exhibit D; 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”).

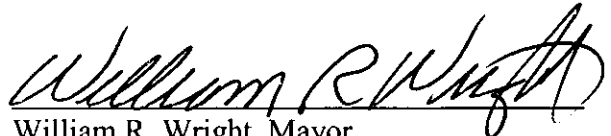
NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL, as follows:

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 City and further approves withdrawal of any area within the Initial District Boundaries (as defined in the Governing Document) or Annexation Area Boundaries from the District without any further action, hearings, or resolutions of the Council or the City, upon compliance with the terms of the PID Act and the Governing Document.
4. The Council does hereby authorize the District to provide services relating to the financing and construction of public infrastructure within the Annexation Area upon annexation thereof into the District without further request of the District to the City to provide such service under 17B-1-407, Utah Code Annotated 1953 or resolutions of the City under 17B-1-408, Utah Code Annotated 1953.
5. 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 City, and the organization of the District pursuant to the PID Act is hereby approved.
6. The Governing Document and the Interlocal Agreement in the form presented to this meeting and attached hereto as Exhibits B and Governing Document Exhibit D are hereby authorized and approved and the District shall be governed by the terms thereof and applicable law.
7. The District Board are hereby appointed as follows:
 - (a) Trustee 1 – Blain Turner for an initial four-year term.
 - (b) Trustee 2 – Shelia Michaelis for an initial six-year term.
 - (c) Trustee 3 – Joe Spencer for an initial six-year term.
 - (d) Such terms shall commence on the date of issuance of a Certificate of Creation by the Office of the Lieutenant Governor of the State of Utah.

8. 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.
9. The Board of Trustees of the District (the "District Board") is hereby authorized and directed to record such Governing Document with the recorder of Utah County within 30 days of the issuance of an issuance of the Certificate of Creation by the Office of the Lieutenant Governor of the State of Utah.
10. 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.
11. All acts, orders and resolutions, and parts thereof in conflict with this Resolution be, and the same are hereby, rescinded.

This Resolution shall take effect immediately upon its passage by the Payson City Council adopted in a public meeting.

Passed and adopted by the Payson City Council, Utah, and effective this 2nd day of September, 2020.


William R. Wright, Mayor

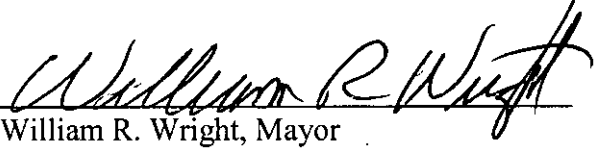
Attest:


Kim E. Holindrake, City Recorder

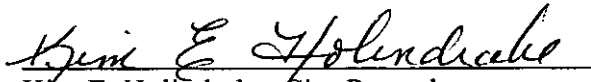


(Here follows other business not pertinent to the above.)

Pursuant to motion duly made and seconded, the meeting of the Council of the City adjourned.


William R. Wright, Mayor

Attest:


Kim E. Holindrake, City Recorder



STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

I, Kim E. Holindrake, the undersigned duly qualified and acting City Recorder of the City of Payson, Utah (“the City”), do hereby certify as follows:

The foregoing pages are a true, correct, and complete copy of the record of proceedings of the City Council (“the Council”), had and taken at a lawful meeting of the Council on September 2, 2020, commencing at the hour of 5:00 p.m., as recorded in the regular official book of the proceedings of the Council kept in my office, and said proceedings were duly had and taken as therein shown, and the meeting therein shown was duly held, and the persons therein were present at said meeting as therein shown.

All members of the Council were duly notified of said meeting, pursuant to law.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City, this September 2, 2020.



Kim E. Holindrake

Kim E. Holindrake, City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Kim E. Holindrake, the undersigned duly qualified and acting City Recorder of the City of Payson, Utah (“the City”), 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 September 2, 2020, 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 City’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 Payson Chronicle 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 2020 Annual Meeting Schedule for the Council, attached hereto as Schedule 2, was given specifying the date, time and place of the regular meetings of the Council of the City to be held during the year, by causing said Notice to be (i) posted on December 19, 2019, at the principal office of the City, (ii) provided to the Payson Chronicle on December 19, 2019 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 September 2, 2020.



Kim E. Holindrake

 Kim E. Holindrake, City Recorder

SCHEDULE 1

NOTICE OF MEETING AND AGENDA



AMENDED

Notice is hereby given that the Payson City Council will hold their regularly scheduled City Council meeting beginning at 5:00 p.m. on Wednesday, September 2, 2020, at the Payson City Center, 439 West Utah Avenue, Payson, Utah, as well as a link through Zoom Video Communications. Please check the Payson City Website at www.paysonutah.org for the link to participate and/or view the meeting.

- A. **CALL TO ORDER**
- B. **ADJOURN TO CLOSED SESSION (5:00 p.m.)**
 - 1. Purchase, exchange, sale, or lease of real property
- C. **ADJOURNMENT OF CLOSED SESSION**
- D. **PRAYER & PLEDGE OF ALLEGIANCE (6:00 p.m.)**
- E. **CONSENT AGENDA**
 - 1. Approval of the August 19, 2020 City Council Meeting Minutes
- F. **PETITIONS, REMONSTRANCES & COMMUNICATIONS**
 - 1. Public Forum
 - 2. Staff and Council Reports
 - 3. Scout Attendance Certificates
 - 4. Presentation of New Officers – Oath of Office
 - 5. Chamber Business of the Month
- G. **ACTION ITEMS**
 - 1. Resolution - Appointment of Library Board Member
 - 2. Ordinance – Regarding updates to the General Plan, Strategic Plan, and Master Plans
 - 3. Ordinances – Regarding updates to the Impact Fee Facilities Plan and Impact Fee Analysis for Sewer, Culinary Water, and Pressurized Irrigation
 - 4. Resolutions – Consideration to create Red Bridge Public Infrastructure District No. 1, Red Bridge Public Infrastructure District No. 2, and Red Bridge Public Infrastructure District No. 3 (“Proposed Districts”), appointing boards of trustees therefor, approving governing documents for the Proposed Districts, approving interlocal agreements with the City and the Proposed Districts, approving of an annexation area, and all other matters relating to the creation of the Proposed Districts
 - 5. Resolution - Award Bid for Hillman Baseball Fields
 - 6. Resolution – Emergency Watershed Program Funding
- H. **ADJOURNMENT**

I, Kim E. Holindrake, City Recorder, do hereby certify that the above notice was posted in the Payson City Center and on the Utah Public Notice Website on this 1st day of September, 2020. The press was duly notified.

Kim E. Holindrake
 Kim E. Holindrake, City Recorder

- Some members may attend by electronic device.
- In accordance with the Americans with Disabilities Act, Payson City will make reasonable accommodations to participate in the meeting. Requests for assistance can be made by calling 801-465-5205 at least 48 hours in advance of the meeting.
- The order of agenda items may change to accommodate the needs of the City Council, staff, and/or public.
- A Closed Session may be called to order pursuant to Utah State Code 54-4-204 and 54-4-205.

SCHEDULE 2

NOTICE OF ANNUAL ME

RESOLUTION NO. 12-18-2019 A

A RESOLUTION ESTABLISHING THE DATES AND TIMES FOR REGULARLY SCHEDULED PAYSON CITY COUNCIL MEETINGS DURING CALENDAR YEAR 2020.

WHEREAS, Title 52, Chapter 4, Part 2 of the Utah Code, as amended, requires that any public body holding regular meetings scheduled in advance over the course of a year shall give public notice at least once each year of its annual meeting schedule;

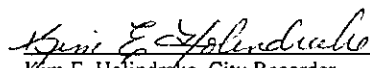
NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF PAYSON, UTAH:

1. Regular City Council meetings during the calendar year of 2020 will be conducted on the first and third Wednesday of each month beginning at 6:00 p.m. until 10:00 p.m. in the Payson City Council Chambers at 439 West Utah Avenue, Payson, Utah unless otherwise canceled or rescheduled by the Payson City Council.
2. City staff is hereby authorized and directed to post a copy at the Payson City Hall, provide a copy to the Payson Chronicle, and post a copy on the Utah Public Notice Website.
3. This Resolution shall be effective as of the date of its adoption.

APPROVED AND ADOPTED this 18th day of December, 2019.


 William R. Wright, Mayor

Attest:


 Kim E. Holindrake, City Recorder



ETING SCHEDULE

EXHIBIT B
GOVERNING DOCUMENT

**GOVERNING DOCUMENT
FOR
RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 3
PAYSON CITY, UTAH COUNTY, UTAH**

Prepared

by

Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601

September 2, 2020

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LIST OF EXHIBITS

EXHIBIT A	Legal Descriptions
EXHIBIT B	Vicinity Map
EXHIBIT C-1	Initial District Boundary Map
EXHIBIT C-2	Annexation Area Boundary Map
EXHIBIT D	Interlocal Agreement between the District and City of Payson

I. INTRODUCTION

A. Purpose and Intent.

The District is an independent unit of local government, separate and distinct from the City, 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 City 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 City, 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 City Regarding District's Governing Document.

The City'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 Debt Mill Levy Imposition Term for residential properties and at a tax mill levy no higher than the Maximum Debt Mill 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 Debt Mill Levy on taxable properties and which shall

not exceed the Maximum Debt Mill 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 Debt Mill Levy in amount and that no taxable property bear an economic burden that is greater than that associated with the Maximum Debt Mill 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 legal description included in Exhibit A which have been approved by the City for annexation into the District upon the meeting of certain requirements.

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

Approved Development Plan: means a Final Development Site Plan; or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the District Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time. The Approved Development Plan shall also contain (or there shall be separately approved by the City) a plan of finance demonstrating that the Bonds and other sources of funding are sufficient to construct the Public Improvements.

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.

City: means the City of Payson, Utah.

City Code: means the City Code of the City.

City Council: means the City Council of City of Payson, Utah.

District: means the Red Bridge Public Infrastructure District No. 3.

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

Districts: means collectively, the District, Red Bridge Public Infrastructure District No. 1, and Red Bridge Public Infrastructure District No. 2, contemplated to be created contemporaneously with one another and overlapping on certain properties.

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 Debt Mill Levy. By way of illustration, a commercial property owner or commercial tenant obligated to pay property taxes pursuant to the terms of their lease 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 City Council.

Governing Document Amendment: means an amendment to the Governing Document approved by the City Council in accordance with the City'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 C-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 Debt Mill Levy.

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

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

Maximum Debt Mill 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 Zions Public Finance.

Project: means the development or property commonly referred to as Red Bridge Station.

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

Public Improvements: means a part or all of the improvements authorized to be planned, designed, acquired, constructed, installed, relocated, redeveloped and financed as generally described in the Local District Act, except as specifically limited in Section V below to serve the future taxpayers and inhabitants of the District Area as determined by the Board.

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 Area 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 112.142187 acres and the total area proposed to be included in the Annexation Area Boundaries is approximately 42 acres. A legal description of the Initial District Boundaries and the Annexation Area Boundaries is attached hereto as Exhibit A. A vicinity map is attached hereto as Exhibit B. A map of the Initial District Boundaries is attached hereto as Exhibit C-1, and a map of the Annexation Area Boundaries is attached hereto as Exhibit C-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.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The District Area consists of approximately 112 acres of agricultural and commercial land. The current assessed valuation of the District Area is \$6,881,200.00 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 population of the District at build-out is estimated to be approximately 5,000 people.

Approval of this Governing Document by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings

identified in this Governing Document or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

V. DESCRIPTION OF PROPOSED 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 City or other appropriate public entity or owners' association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

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 City and of other governmental entities having proper jurisdiction. The District will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. Procurement. The District shall be subject to the Utah Procurement Code, Title 63G, Chapter 6a. Notwithstanding this requirement, the District may acquire completed or partially completed improvements for fair market value as reasonably determined by a third-party surveyor or engineer and approved by the City Engineer or their designee.

4. Privately Placed Debt Limitation. Prior to the issuance of any privately placed Debt, the District shall obtain the certification of a Municipal Advisor substantially as follows:

We are [I am] a Municipal Advisor within the meaning of the District's Governing Document.

We [I] certify that (1) the net effective interest rate to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including

maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

5. Annexation and Withdrawal.

(a) The District shall not include within any of their boundaries any property outside the District Area without the prior written consent of the City. The City, by resolution, has consented to the annexation of any area within the Annexation Area Boundaries into the District. Such area may 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.

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

(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 City a description of the revised District Boundaries.

(e) Annexation or withdrawal of any area in accordance with V.A.5 shall not constitute an amendment of this Governing Document.

6. Overlap Limitation. The Districts shall not impose aggregate mill levy for payment of Debt that exceeds the Maximum Debt Mill Levy of the District. The District shall not consent to the organization of any other public infrastructure district organized under the PID Act within the District Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

7. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Assessments used for the purpose of repayment of Debt.

8. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of an aggregate amount of Twenty-One Million Dollars (\$21,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by any of the Districts.

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

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

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 Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Governing Document Amendment.

10. Governing Document Amendment Requirement.

(a) This Governing Document has been designed 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.1-9 above or in VIII.B-G. shall be deemed to be material modifications to this Governing Document and the City 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 resolutions of the City Council and the Board approving such amendment.

B. Preliminary Engineering Survey.

The District shall have authority to provide for the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements within and without the boundaries of the District, to be more specifically defined 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, 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 Ten Million Dollars (\$10,000,000.00).

All of the Public Improvements will be designed in such a way as to assure that the Public Improvements standards will be consistent and compliant with those of the City 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 three Trustees who shall be appointed by the City Council pursuant to the PID Act. Trustees 1, 2, and 3 shall be at large seats. Trustee terms shall be staggered with initial terms as follows: Trustee 1 shall serve an initial term of four years; Trustees 2 and 3 shall serve an initial term of six years. In accordance with the PID Act, appointed Trustees shall not be required to be residents of the District.

C. Initial Trustees.

The initial Trustees shall be:

Trustee 1: Blaine Turner (four year initial term);

Trustee 2: Sheila Michaelis (six year initial term); and

Trustee 3: Joe Spencer (six year initial term).

B. Transition to Elected Board.

Board seats shall transition from appointed to elected seats when the number of registered voters in the District is equal to or greater than 1000 registered voters. No transition pursuant to this Section shall become effective until (i) the next scheduled regular election of the District and (ii) the expiration of the term of the respective Trustee.

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 City 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; provided, however, any Trustee appointed by the City Council shall be an owner of land or an agent or officer of the owner of land within the boundaries of the District. 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.

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 Debt Mill Levy Imposition Term from revenues derived from the Maximum Debt Mill Levy, Assessments and other legally available revenues. The Districts shall not issue Debt in excess of an aggregate amount of Twenty-One Million Dollars (\$21,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by any of the Districts.

The total Debt shall be permitted to be issued on a schedule and in such year or years as the District determines 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. The District will also rely upon various other revenue sources authorized by law. 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 Debt Mill Levy.

The “Maximum Debt Mill Levy” shall be 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 ten (10) mills; provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8), Utah Code. Further, the Districts may not impose mill levies which aggregate in excess of ten (10) mills.

Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17B-2a-1205, Utah Code.

D. Maximum Debt Mill Levy Imposition Term.

Each bond issued by the District shall mature within Thirty (30) 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 forty (40) years from the date of issuance of such bond (the “Maximum Debt Mill 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 Debt Mill Levy or, the Maximum Debt Mill Levy Imposition Term, except for repayment of General Obligation Debt or pursuant to an Interlocal Agreement between the District and the City for Regional Improvements.

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 City 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 City 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 City 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 Two Hundred Thousand Dollars (\$200,000.00), 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 Thirty Thousand Dollars (\$30,000.00) which is anticipated to be derived from property taxes and other revenues.

I. Bond and Disclosure Counsel.

It is the intent of the City that the District shall use competent and nationally recognized bond and disclosure counsel with respect to District Bonds to ensure proper issuance and compliance with this Governing Document. The District has agreed to utilize the City's counsel, Gilmore & Bell, P.C., as bond and disclosure counsel with respect to District Bonds.

IX. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the City Recorder's Office no later than March 31 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:

- a) Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.
- b) List of current interlocal agreements, if changed (to be delivered to the City of Payson upon request);
- c) Names and terms of Board members and officers and progress towards milestones required for transition to elected Board;
- d) District office contact information;
- e) Rules and regulations of the District regarding bidding, conflict of interest, contracting, and other governance matters, if changed;
- f) A summary of any litigation which involves the District Public Improvements as of December 31 of the prior year;
- g) 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 City as of December 31 of the prior year;
- h) A table summarizing total debt authorized and total debt issued by the District as well as any presently planned debt issuances;
- i) Official statements of current outstanding bonded indebtedness, if not previously provided to the City of Payson;
- j) The assessed valuation of the District for the current year;
- k) Current year budget including a description of the Public Improvements to be constructed in such year;
- l) The District's financial statements, for the previous fiscal year, such statements shall be audited if required pursuant to State law or relevant bond documents (such statements shall be submitted within 30 days of completion if completed after March 31);
- m) Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument; and

- n) 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 City 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.

XI. DISCLOSURE TO PURCHASERS

Within thirty (30) days of the issuance of a Certificate of Creation by the Office of the Lt. Governor of the State creating the District, the Board shall record a notice with the recorder of Utah County. 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 City, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Debt Mill 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 City.

In addition, the Applicant and the Board shall ensure that the Applicant, homebuilders, commercial developers, and commercial lessors, as applicable, disclose the following information to End Users:

- (1) All of the information in the first paragraph of this XI;
- (2) A disclosure outlining the impact of any applicable property tax, in substantially the following form:

“Under its current plan of finance, the District expects to levy a property tax in the amount of ___ mills (approximately \$ _____ annually for every \$100,000 of assessed value on a primary residence and \$ _____ annually for every \$100,000 of assessed value on a business property) for the duration of the District’s Bonds. The District is authorized to levy a property tax up to 10 mills (approximately \$550 annually for every \$100,000 of assessed value on a primary residence and \$1,000 annually for every \$100,000 of assessed value on a business property) for the duration of the District’s Bonds. However, the current plan of finance of the District does not contemplate levying the maximum authorized property tax.

- (3) Such disclosures shall be contained on a separate colored page of the applicable closing or lease documents and shall require a signature of such end user acknowledging the foregoing.

XII. INTERLOCAL AGREEMENT

The form of the Interlocal Agreement required by the City Code, relating to the limitations imposed on the District's activities, is attached hereto as **Exhibit D**. The District shall approve the Interlocal Agreement in the form attached as **Exhibit D** at its first Board meeting after its organizational election. Failure of the District to execute the Interlocal Agreement as required herein shall constitute a material modification and shall require a Governing Document Amendment. The City Council shall approve the Interlocal Agreement in the form attached as **Exhibit D** at the public hearing approving the Governing Document.

EXHIBIT A

Initial Boundary Legal Descriptions

TAX ID 51:622:0002

LOT 2, RED BRIDGE MEADOW SUB AREA 12.530 AC.

TAX ID 29:012:0020

COM AT SE COR. SEC. 13, T9S, R1E, SLB&M.; S 89 DEG 40' 57" W 1567.83 FT ALONG SEC. LINE; ALONG A CURVE TO R (CHORD BEARS: N 12 DEG 54' 58" E 355.19 FT, RADIUS = 2866.89 FT); ALONG A CURVE TO R (CHORD BEARS: N 20 DEG 38' 19" E 396.56 FT, RADIUS = 2786.49 FT); ALONG A CURVE TO R (CHORD BEARS: N 28 DEG 50' 55" E 414 FT, RADIUS = 2641.56 FT); ALONG A CURVE TO R (CHORD BEARS: N 34 DEG 55' 11" E 278.89 FT, RADIUS = 4980.44 FT); N 76 DEG 6' 45" E 1004.55 FT; S 0 DEG 31' 20" E 1541.1 FT TO BEG. AREA 42.716 AC.

TAX ID 30:060:0056

COM N 18.73 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 1514.05 FT; N 74 DEG 44' 6" E 1034.8 FT; S 1796.02 FT; N 89 DEG 26' 29" W 238.34 FT; N 0 DEG 11' 16" E 31.54 FT; N 39 DEG 19' 57" W 144.27 FT; N 42 DEG 45' 14" W 237.7 FT; W 461.87 FT; S 0 DEG 34' 58" E 310.62 FT; N 89 DEG 45' 17" W 48.81 FT TO BEG. AREA 33.590 AC.

TAX ID 29:023:0021

COM W 14.5 FT FR NE COR. SEC. 24, T9S, R1E, SLB&M.; S 0 DEG 0' 11" W 557.98 FT; W 35.12 FT; S 0 DEG 37' 26" E 2.96 FT; S 89 DEG 24' 50" W 420.79 FT; S 89 DEG 44' 37" W 829.4 FT; S 89 DEG 53' 36" W 335.61 FT; N 6 DEG 51' 0" E 12.49 FT; N 6 DEG 51' 0" E 561.19 FT; E 1552.47 FT TO BEG. AREA 20.625 AC.

TAX ID 30:060:0014

COM N 0 DEG 32' 2" W 18.53 FT & S 89 DEG 26' 29" E 189.18 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 0 DEG 34' 49" W 312 FT; E 233.66 FT; S 0 DEG 34' 22" E 314.29 FT; N 89 DEG 26' 27" W 233.65 FT TO BEG. AREA 1.680 AC.

TAX ID 30:060:0069

COM N 0 DEG 32' 2" W 18.53 FT & S 89 DEG 26' 29" E 48.99 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 0 DEG 34' 58" W 310.62 FT; E 93.46 FT; S 0 DEG 34' 49" E 311.54 FT; N 89 DEG 26' 13" W 93.46 FT TO BEG. AREA 0.667 AC. ALSO COM N 0 DEG 32' 2" W 18.53 FT & S 89 DEG 26' 29" E 142.45 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 0 DEG 34' 49" W 311.54 FT; E 46.72 FT; S 0 DEG 34' 49" E 312 FT; N 89 DEG 26' 29" W 46.73 FT TO BEG. AREA 0.334 AC. TOTAL AREA 1.002 AC.

Annexation Area Legal Description

30:060:0030

COM E 998.58 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; N 1809.06 FT; S 88 DEG 37' 30" E 62.96 FT; S 13 DEG 52' 8" E 976.32 FT; N 89 DEG 29' 32" E 24.37 FT; S 859.05 FT; W 321.42 FT TO BEG. AREA 10.252 AC.

30:060:0049

COM N 859.73 FT & E 1295.56 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; N 13 DEG 52' 8" W 639.48 FT; N 76 DEG 7' 52" E 182.96 FT; S 484.26 FT; ALONG A CURVE TO L (CHORD BEARS: S 10 DEG 20' 38" W 137.81 FT, RADIUS = 366 FT) ARC LENGTH = 138.64 FEET; S 0 DEG 30' 28" E 44.87 FT TO BEG. AREA 1.451 AC.

30:060:0034

COM N 1110.89 FT & E 1339.96 FT FR SW 1/4 COR. SEC. 18, T9S, R2E, SLB&M.; N 418.49 FT; N 76 DEG 7' 52" E 52.15 FT; ALONG A CURVE TO R (CHORD BEARS: S 58 DEG 52' 8" E 49.5 FT, RADIUS = 35 FT) ARC LENGTH = 54.98 FEET; S 13 DEG 52' 8" E 103.99 FT; ALONG A CURVE TO R (CHORD BEARS: S 14 DEG 19' 56" W 268.42 FT, RADIUS = 284 FT) ARC LENGTH = 279.57 FEET; ALONG A CURVE TO L (CHORD BEARS: S 38 DEG 4' 39" W 56.87 FT, RADIUS = 366 FT) ARC LENGTH = 56.93 FEET; N 88 DEG 37' 30" W 16.42 FT TO BEG. AREA 0.967 AC.

30:060:0032

COM N 1110.89 FT & E 1339.8 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; S 88 DEG 37' 30" E 16.59 FT; ALONG A CURVE TO L (CHORD BEARS: S 31 DEG 6' 12" W 32.11 FT, RADIUS = 366 FT) ARC LENGTH = 32.12 FEET; N 27.89 FT TO BEG. AREA 0.005 AC.

30:060:0077

COM N 89 DEG 42' 6" E 1354.11 FT & N 1100.12 FT & N 0 DEG 28' 25" W 424.93 FT & S 76 DEG 8' 3" W 31.6 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; S 484.35 FT; ALONG A CURVE TO R (CHORD BEARS: N 24 DEG 52' 4" E 47.7 FT, RADIUS = 366 FT); N 446.03 FT; S 76 DEG 8' 3" W 20.66 FT TO BEG. AREA 0.214 AC.

30:060:0035

COM N 1801.14 FT & E 1339.96 FT FR SW 1/4 COR. SEC. 18, T9S, R2E, SLB&M.; S 88 DEG 37' 30" E 22.82 FT; S 13 DEG 52' 8" E 140.84 FT; ALONG A CURVE TO R (CHORD BEARS: S 31 DEG 7' 52" W 49.5 FT, RADIUS = 35 FT) ARC LENGTH = 54.98 FEET; S 76 DEG 7' 52" W 31.91 FT; N 187.3 FT TO BEG. AREA 0.178 AC.

30:060:0048

COM N 1801.38 FT & E 1319.9 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; S 192.49 FT; S 76 DEG 7' 52" W 203.21 FT; N 13 DEG 52' 8" W 254.83 FT; S 88 DEG 37' 30" E 258.44 FT TO BEG. AREA 1.165 AC.

30:060:0078

COM N 89 DEG 42' 6" E 1349.9 FT & N 1609.35 FT & N 0 DEG 28' 25" W 184.56 FT & S 88 DEG 37' 30" E 14.34 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 13 DEG 52' 19" W 25.78 FT; N 88 DEG 45' 45" W 333.59 FT; S 75 DEG 0' 0" W 86.22 FT; S 88 DEG 37' 30" E 380.29 FT; S 192.41 FT; N 76 DEG 7' 41" E 20.66 FT; N 187.21 FT; S 88 DEG 37' 30" E 22.74 FT TO BEG. AREA 0.301 AC.

30:060:0046

COM N 89 DEG 42' 17" E 1356.63 FT & N 1818.55 FT FR SW COR. SEC. 25 T9S R2E SLB&M.; N 88 DEG 45' 0" W 54.44 FT; N 1 DEG 23' 39" W 56.6 FT; N 76 DEG 7' 52" E 40.33 FT; S 13 DEG 52' 8" E 69.46 FT TO BEG. AREA 0.067 AC.

30:060:0009

COM E 15.5 CH & N 27.77 CH FR SW COR. SEC. 18, T9S, R2E, SLB&M.; S 88 DEG 45' 0" E 279.25 FT; N 1 DEG 23' 39" W 80.4 FT; S 75 DEG 0' 0" W 286.99 FT TO BEG. AREA 0.257 AC.

30:060:0037

COM N 1607.23 FT & E 1655.35 FT FR SW 1/4 COR. SEC. 18, T9S, R2E, SLB&M.; S 503.92 FT; N 88 DEG 37' 30" W 195.7 FT; ALONG A CURVE TO R (CHORD BEARS: N 44 DEG 58' 48" E 1.59 FT, RADIUS = 284 FT) ARC LENGTH = 1.59 FEET; ALONG A CURVE TO L (CHORD BEARS: N 15 DEG 38' 9" E 360.51 FT, RADIUS = 366 FT) ARC LENGTH = 376.95 FEET; N 13 DEG 52' 8" W 88.19 FT; ALONG A CURVE TO R (CHORD BEARS: N 31 DEG 7' 52" E 49.5 FT, RADIUS = 35 FT) ARC LENGTH = 54.98 FEET; N 76 DEG 7' 52" E 95.69 FT TO BEG. AREA 1.260 AC.

30:060:0053

COM N 1103.34 FT & E 1655.38 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; N 503.91 FT; N 76 DEG 7' 52" E 325.02 FT; S 589.39 FT; N 88 DEG 37' 30" W 315.65 FT TO BEG. AREA 3.960 AC.

30:060:0052

COM N 385 FT & E 1970.76 FT FR SW COR. SEC. 18 T9S R2E SLB&M.; N 1300.11 FT; N 76 DEG 7' 52" E 125.95 FT; ALONG A CURVE TO R (CHORD BEARS: N 79 DEG 58' 45" E 75.03 FT, RADIUS = 559 FT) ARC LENGTH = 75.09 FEET; N 85 DEG 44' 0" W 196.71 FT; N 17.62 FT; S 85 DEG 44' 26" E 581.51 FT; S 0 DEG 55' 49" W 153.39 FT; ALONG A CURVE TO R (CHORD BEARS: S 17 DEG 22' 46" W 371.63 FT, RADIUS = 656.2 FT) ARC LENGTH = 376.78 FEET; S 33 DEG 49' 43" W 157.24 FT; ALONG A CURVE TO L (CHORD BEARS: S 30 DEG 7' 32" W 759.47 FT, RADIUS = 5729.58 FT) ARC LENGTH = 760.03 FEET M OR L TO BEG (DEFECTIVE DESCRIPTION). AREA 10.565 AC.

30:060:0058

COM N 764.81 FT & E 1378.41 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 0 DEG 30' 28" W 88.71 FT; E 593.275 FT; N 242.214 FT; N 88 DEG 37' 30" W 511.34 FT; ALONG A CURVE TO L (CHORD BEARS: S 22 DEG 9' 10" W 218.84 FT, RADIUS = 284 FT) ARC LENGTH = 224.65 FEET; S 0 DEG 30' 28" E 44.9 FT; S 89 DEG 29' 32" W 37.8 FT; S 94.35 FT; S 88 DEG 37' 30" E 38.62 FT TO BEG. AREA 3.360 AC.

30:065:0080

COM S 89 DEG 41' 0" W 12.5 FT & S 0 DEG 31' 0" E 569.99 FT FR NW COR. SEC. 19, T9S, R2E, SLB&M.; S 0 DEG 31' 0" E 377.61 FT; N 89 DEG 47' 0" E 578.92 FT; N 0 DEG 36' 43" W 378.67 FT ALONG A FENCE LINE; S 89 DEG 40' 42" W 578.28 FT ALONG A FENCE LINE TO BEG. AREA 5.020 AC.

30:060:0040

COM N 0 DEG 32' 2" W 18.53 FT & S 89 DEG 26' 29" E 422.83 FT FR SW COR. SEC. 18, T9S, R2E, SLB&M.; N 0 DEG 34' 22" W 314.29 FT; E 88.03 FT; S 42 DEG 45' 14" E 237.7 FT; S 39 DEG 19' 57" E 144.08 FT; S 0 DEG 11' 16" W 31.66 FT; N 89 DEG 25' 29" W 244.08 FT; N 89 DEG 26' 13" W 93.4 FT TO BEG. AREA 1.654 AC.

EXHIBIT B

City of Payson Vicinity Map

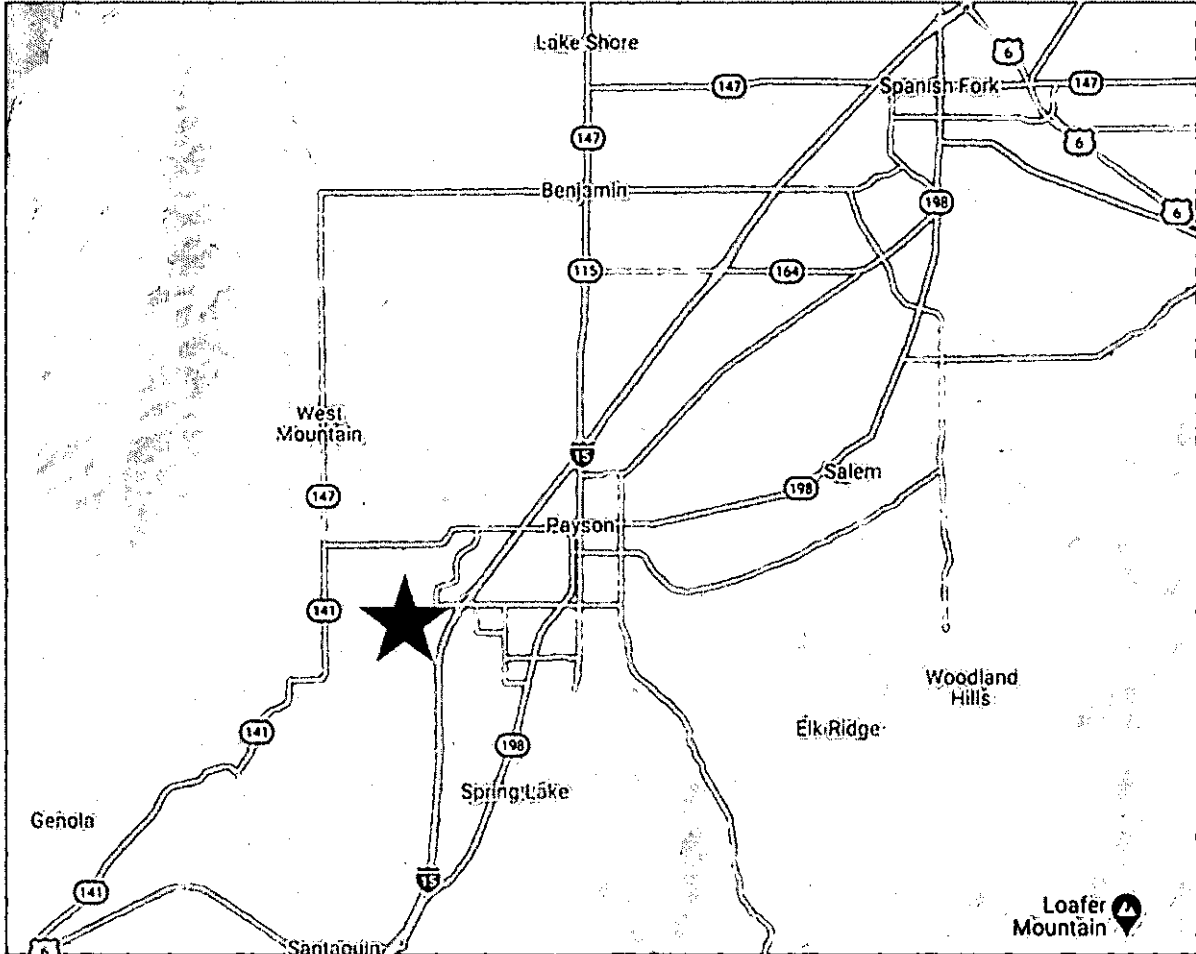


EXHIBIT C-1

Initial District Boundary Map

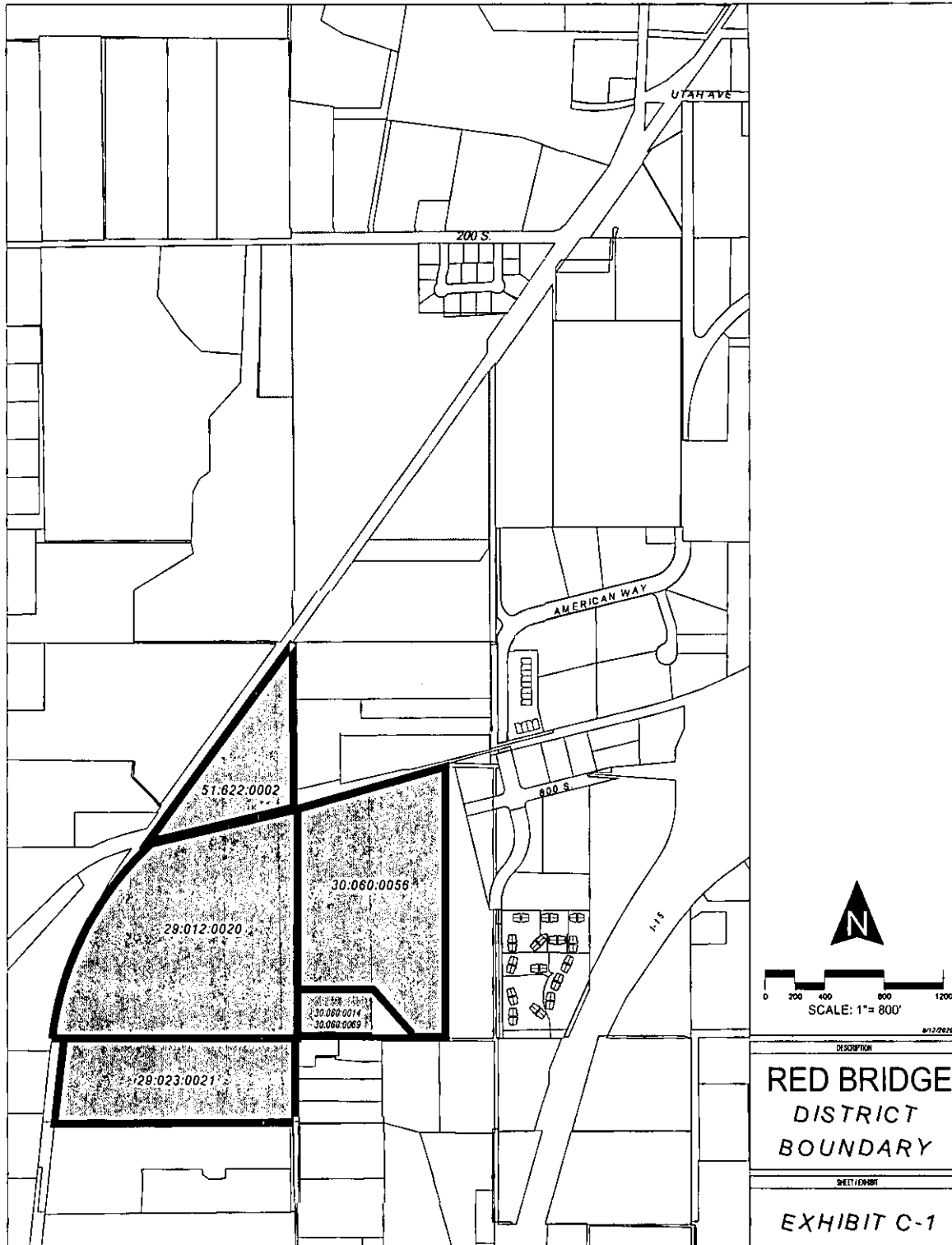


EXHIBIT C-2

Annexation Area Map

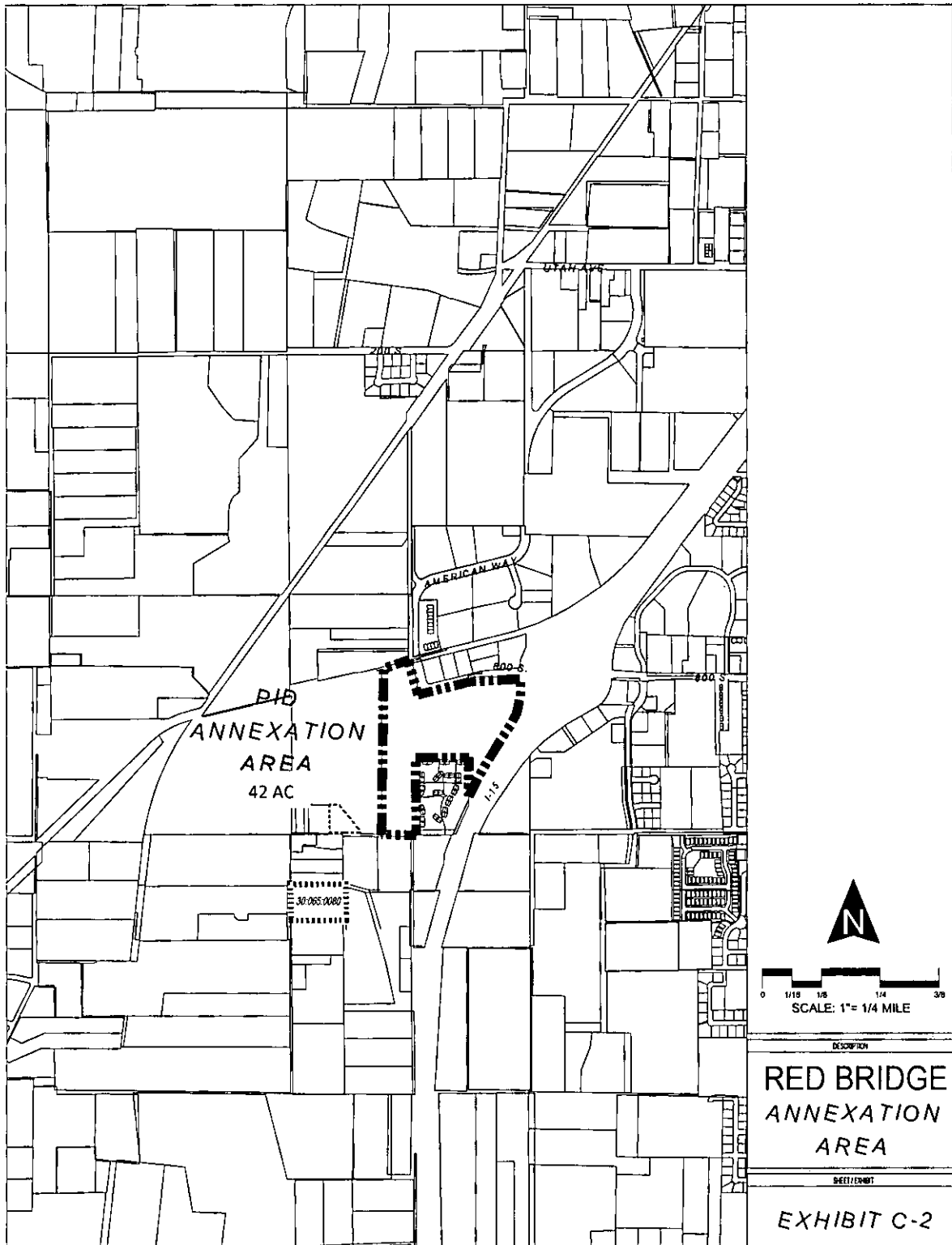


EXHIBIT D

Interlocal Agreement between the District and City of Payson

INTERLOCAL AGREEMENT BETWEEN
THE CITY OF PAYSON, UTAH
AND
RED BRIDGE PUBLIC INFRASTRUCTURE DISTRICT NO. 3

THIS AGREEMENT is made and entered into as of this ___ day of _____, _____, by and between the City of Payson, a home-rule municipal corporation of the State of Utah ("City"), and Red Bridge Public Infrastructure District No. 3, a political subdivision of the State of Utah (the "District"). The City 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 City on _____ ("Governing Document"); and

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

WHEREAS, the City 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 City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own Public Improvements not otherwise required to be dedicated to the City or other public entity, and all necessary equipment and appurtenances incident thereto.

All parks and trails owned by the District shall be open to the general public and Non-District City residents, subject to the rules and regulations of the District as adopted from time to time. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

2. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction, as applicable. The District will obtain the City'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 their boundaries any property outside the District Area without the prior written consent of the City. The City, by resolution, has consented to the annexation of any area within the Annexation Area Boundaries into the District Boundaries and withdrawal of any area within the District Boundaries from the District. Such area may be annexed or withdrawn upon the District obtaining consent of all property owners and registered voters, if any, within the area proposed to be annexed or withdrawn and the passage of a resolution of the Board approving such annexation or withdrawal.

4. Overlap Limitation. The Districts shall not impose aggregate mill levy for payment of Debt that exceeds the Maximum Debt Mill Levy of the District. The District shall not consent to the organization of any other public infrastructure district organized under the PID Act within the District Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

5. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan (as defined in the Governing Document), the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any fees used for the purpose of repayment of Debt.

6. Total Debt Issuance. The Districts shall not issue Debt in excess of an aggregate amount of Twenty-One Million Dollars (\$21,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by any of the Districts

7. Bankruptcy. All of the limitations contained in this Governing Document, including, but not limited to, those pertaining to the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term have been established under the authority of the City 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 Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Governing Document Amendment.

8. Dissolution. Upon an independent determination of the City 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.

9. Disclosure to Purchasers. Within thirty (30) days of the approval of lieutenant governor's approval the District, the Board shall record a notice with the recorder of Utah County. 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 City, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Debt Mill 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 City.

In addition, the Applicant and the Board shall ensure that the Applicant, homebuilders, commercial developers, and commercial lessors, as applicable, disclose the following information to End Users:

- (1) All of the information in the first paragraph XI of the Governing Document;
- (2) A disclosure outlining the impact of any applicable property tax, in substantially the following form:

“Under its current plan of finance, the District expects to levy a property tax in the amount of ___ mills (approximately \$_____ annually for every \$100,000 of assessed value on a primary residence and \$_____ annually for every \$100,000 of assessed value on a business property) for the duration of the District's Bonds. The District is authorized to levy a property tax up to 10 mills (approximately \$550 annually for every \$100,000 of assessed value on a primary residence and \$1,000 annually for every \$100,000 of assessed value on a business property) for the duration of the District's Bonds. However, the current plan of finance of the District does not contemplate levying the maximum authorized property tax.”

- (3) Such disclosures shall be contained on a separate colored page of the applicable closing or lease documents and shall require a signature of such end user acknowledging the foregoing.

10. Governing Document Amendment Requirement. Actions of the District which violate the limitations set forth in V.A.1-9 or VIII.B-G of the Governing Document shall be deemed to be material modifications to the Governing Document and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the District.

11. Annual Report. The District shall be responsible for submitting an annual report to the City Manager's Office no later than March 31 of each year following the year in which the

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

12. 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.

13. Maximum Debt Mill Levy.

(a) The “Maximum Debt Mill Levy” shall be 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 Ten (10) mills; provided that such levy shall be subject to adjustment as provided in Section 17B-2a-1207(8).

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

14. Maximum Debt Mill Levy Imposition Term. Each bond issued by the District shall mature within Thirty (30) 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 Forty (40) years from the date of issuance of such bond (the “Maximum Debt Mill Levy Imposition Term”).

15. 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: Red Bridge Public Infrastructure District No. 3
 Attn: Joe Spencer
 Address: 754 E 1200 N Pleasant Grove, UT 84062
 Phone: (801) 836-1243
 Email: josephspencer@gmail.com

To the City: City of Payson
 439 W Utah Ave
 Payson, UT 84651
 Email: kimh@payson.org
 Attn: Kim Holindrake
 Phone: (801) 465-5205

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.

16. 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.

17. 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.

18. 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.

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

20. 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.

21. 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.

22. 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 City 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 City shall be for the sole and exclusive benefit of the District and the City.

23. 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.

24. 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.

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

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

[SIGNATURE PAGE TO INTERLOCAL AGREEMENT]

RED BRIDGE PUBLIC INFRASTRUCTURE
DISTRICT NO. 3

By: _____
Chair

Attest:

Secretary

City of Payson, UTAH

By: _____
_____, Mayor

Attest:

By: _____
Its: _____

APPROVED AS TO FORM: _____

EXHIBIT C

NOTICE OF BOUNDARY ACTION

Sent Via Email
annexations@utah.gov

**NOTICE OF IMPENDING BOUNDARY ACTION
PAYSON CITY, UTAH**

Utah State Lt. Governor's Office
Utah State Capitol Complex #220
P O Box 142325
Salt Lake City UT 84114-2325

RE: Red Bridge Public Infrastructure District No. 3

NOTICE IS HEREBY GIVEN that the City Council of the City of Payson, Utah (the "Council"), acting in its capacity as the creating entity for the Red Bridge Public Infrastructure District No. 3 (the "District"), at a regular meeting of the Council, duly convened pursuant to notice, on September 2, 2020 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").

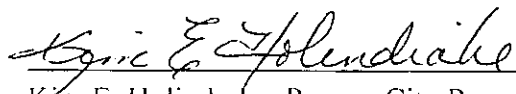
A copy of the Final Local Entity Plat satisfying the applicable legal requirements as set forth in Utah Code Ann. §17-23-20, approved as a final local entity plat by the Surveyor of Utah County, Utah, is attached hereto as EXHIBIT "B" and incorporated by this reference. The Council hereby certifies that 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 2nd day of September, 2020.

CITY COUNCIL, THE CITY OF PAYSON, UTAH,
acting in its capacity as the creating authority for the
Red Bridge Public Infrastructure District No. 3.





Kim E. Holindrake, Payson City Recorder

EXHIBIT "A" TO NOTICE OF BOUNDARY ACTION

Copy of the Creation Resolution

EXHIBIT "B" TO NOTICE OF BOUNDARY ACTION

Final Local Entity Plat

