

RESOLUTION No. - 72022

ROLL CALL

VOTING	YES	NO
KURT L CHRISTENSEN <i>Mayor (votes only in case of tie)</i>		
TIM De GRAW <i>Councilmember</i>	X	
KELLY PETERSON <i>Councilmember</i>	Absent	
CRISTY SIMONS <i>Councilmember</i>	X	
DELYS SNYDER <i>Councilmember</i>	X	
SETH SORENSEN <i>Councilmember</i>	X	



ENT 102255:2022 PG 1 of 52
ANDREA ALLEN
UTAH COUNTY RECORDER
2022 Sep 21 8:57 am FEE 0.00 BY HC
RECORDED FOR SALEM CITY

I MOVE this resolution be adopted: Councilmember Tim De Graw

I SECOND the foregoing motion: Councilmember Seth Sorensen

RESOLUTION No. 72022

A RESOLUTION OF THE CITY COUNCIL (THE "COUNCIL") OF THE CITY OF SALEM, UTAH (THE "CITY"), PROVIDING FOR THE CREATION OF ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT (THE "DISTRICT") AS AN INDEPENDENT BODY CORPORATE AND POLITIC; AUTHORIZING AND APPROVING A GOVERNING DOCUMENT, AN INTERLOCAL AGREEMENT, AND A NOTICE OF BOUNDARY ACTION; DELEGATING TO CERTAIN OFFICERS OF THE CITY THE AUTHORITY TO EXECUTE AND APPROVE THE FINAL TERMS AND PROVISIONS OF THE GOVERNING DOCUMENT, THE INTERLOCAL AGREEMENT, THE NOTICE OF BOUNDARY ACTION AND ANY OTHER DOCUMENTS RELATED THERETO; APPROVING OF AN ANNEXATION AREA; AUTHORIZING THE DISTRICT TO PROVIDE SERVICES RELATING TO THE FINANCING AND CONSTRUCTION OF PUBLIC INFRASTRUCTURE WITHIN THE ANNEXATION AREA; AUTHORIZING THE DISTRICT TO PROVIDE SERVICES RELATING TO THE FINANCING AND CONSTRUCTION OF PUBLIC INFRASTRUCTURE WITHIN THE DISTRICT AREA; APPOINTING A BOARD OF TRUSTEES OF THE DISTRICT; 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 a public infrastructure districts pursuant to the Public Infrastructure District Act, Title 17D, Chapter 4, 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 the District may annex without further approvals or hearings of the City or the Council, as further described in Governing Document Exhibit A (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, on July 20, 2022, the City held a public hearing 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 17D-4-201 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 hearing on the Petition was held at the City Hall because there is no reasonable place to hold a public hearing within the District's boundaries, and the hearing at the City Hall was held as close to the applicable area as reasonably possible; and

WHEREAS, the City mailed or caused to be mailed prior notice of the hearing to each of the Property Owners in compliance with Section 17B-1-211(1)(b) of the Act; and

WHEREAS, none of the Property Owners submitted a withdrawal of consent to the creation of the District before the public hearing on the Petition; and

WHEREAS, each board member appointed under this Resolution has previously filed with the City a disclosure of business relationships in compliance with Section 17D-4-202(9) of the PID Act; and

WHEREAS, according to attestations filed with the City, each board member appointed under this Resolution is registered to vote at their primary residence and is further eligible to serve as a board member of the District under Section 17D-4-202(3)(c) of the PID Act because they are agents of property owners within the District boundaries (as further set forth in the Petition); 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 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 to be attached thereto as Boundary Notice Appendix B (or as shall be finalized in accordance with the boundaries approved hereunder) (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 separate entity from the City 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 C are hereby authorized and approved and the District shall be governed by the terms thereof and applicable law.

7. The District Board is hereby appointed as follows:

- (a) Trustee 1 – Ryan Poleman for an initial six -year term.
- (b) Trustee 2 – Brian Bird for an initial four-year term.

(c) Trustee 3 – Rusty Johnson 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 Councilmember 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. Prior to certification of the creation of the District by the Office of the Lieutenant Governor of the State of Utah, the Council does hereby authorize the Mayor, a Councilmember, or the City Manager to make any corrections, deletions, or additions to the Governing Document, the Interlocal Agreement, and the Boundary Notice or any other document herein authorized and approved (including, but not limited to, corrections to the property descriptions therein contained) which may be necessary to conform the same to the intent hereof, to correct errors or omissions therein, to complete the same, to remove ambiguities therefrom, or to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Council or the provisions of the laws of the State of Utah or the United States (provided that the debt and mill levy limitations established therein may not be modified pursuant to this provision).

10. 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 a Certificate of Creation by the Office of the Lieutenant Governor of the State of Utah.

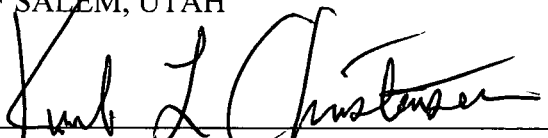
11. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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

13. This resolution shall take effect immediately provided that, in the event that the Plat is not finalized for submission to the Office of the Lieutenant Governor until a date that is more than 30 days after adoption of this Resolution, the effective date of this Resolution will be deemed to be the date the Plat is finalized, as certified in writing by any one of the Mayor, a Councilmember, the City Attorney, or the City Manager.

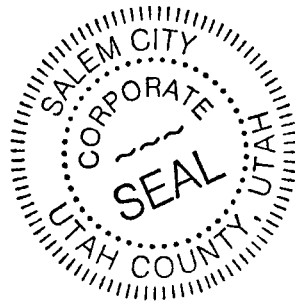
PASSED AND ADOPTED by the City Council of the City of Salem, Utah, this July 20, 2022.

CITY OF SALEM, UTAH

By: 
Mayor

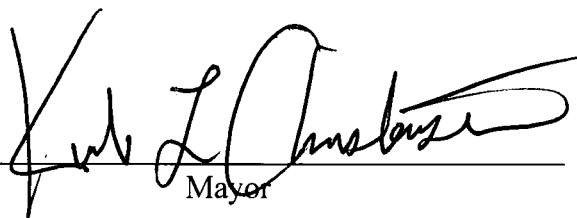
ATTEST:

By: 
City Recorder

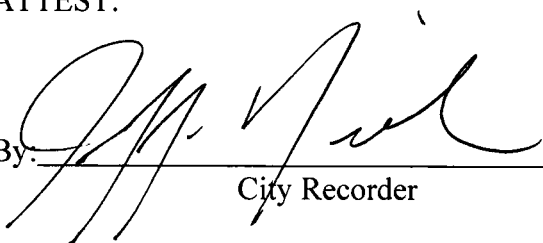


(Here follows other business not pertinent to the above.)

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

By: 
Mayor

ATTEST:

By: 
City Recorder



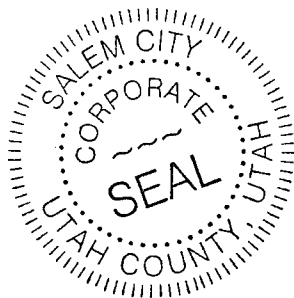
STATE OF UTAH)
 : ss.
COUNTY OF UTAH)

I, Jeffrey Nielson, the undersigned duly qualified and acting City Recorder of the City of Salem, 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 July 20, 2022, commencing at the hour of 7:00 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 July 20, 2022.



By: Jeffrey Nielson
City Recorder

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Jeffrey Nielson, the undersigned City Recorder of the City of Salem, 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 July 20, 2022, 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:

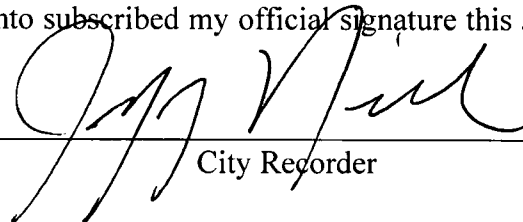
(a) causing a Notice, in the form attached hereto as Schedule 1, to be posted at the City's principal offices at least twenty-four (24) hours prior to the convening of the meeting, said Notice having continuously remained so posted and available for public inspection until the completion of the meeting;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

(b) 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 2022 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 9, 2021], at the principal office of the City, (ii) provided to at least one newspaper of general circulation within the geographic jurisdiction of the City on [Dec 8, 2021] 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 July 20, 2022.

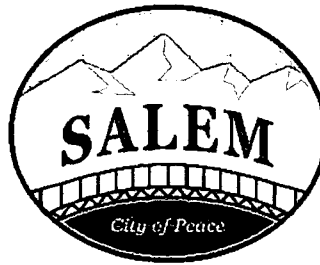
By: _____



City Recorder

SCHEDULE 1

NOTICE OF MEETING AND AGENDA



Salem City Council Meeting will also be held electronically, using the Zoom program.
 If you would like to participate, please call the city offices (801-423-2770) or email
 (salemcity@salemcity.org) **before 5:00 p.m. on Wednesday, July 20th to request the link.**

DATE: July 20, 2022 (City Council Chamber 30 West 100 South)

6:00 p.m. Work Session

1. PID Discussion (Arrowhead Springs Development)
2. Agenda Item's Discussion

7:00 p.m. AGENDA – REGULAR COUNCIL MEETING

1. Volunteer Motivational/Inspirational Message
2. Invitation to Say Pledge of Allegiance
3. Youth Council Report
4. SF / Salem Chamber Report
5. Public Hear
 - a. Arrowhead Springs Public Infrastructure District
6. Decision: Arrowhead Springs Public Infrastructure District
7. Decision: Contract for Public Defender Services
8. Decision: Minutes of July 6, 2022 & June 22, 2022
9. Decision: Bills for Payment

DIRECTORS REPORTS

10. Chief Brad James, Public Safety Director
11. Steve Cox, Building Official Director
12. Attorney Walter Bird
13. Jeffrey Nielson, City Finance Director
14. Matt Marziale, Public Works/Recreation Director
15. Adam Clements, Electrical Director
16. Bruce Ward, Manager/Engineering
17. John Bowcut, Fiber Director

Salem City Council Meeting
July 20, 2022 – page 2

COUNCIL REPORTS

18. Mayor Kurt L Christensen
 - a. Finances / Budget
 - b. City Employees
 - c. Miss Salem
 - d. UMPA Report
 - e. Public Safety
19. Councilman Kelly Peterson
 - a. Power Report
 - b. SUVPS Report
 - c. Fiber Report
20. Councilwoman Cristy Simons
 - a. Parks & Recreation
 - b. Green Waste
 - c. Youth Council
21. Councilman Seth Sorensen
 - a. Water (Primary & Secondary)
 - b. Mt Nebo & SUVMWA
 - c. Chamber of Commerce
22. Councilwoman Delys Snyder
 - a. Solid Waste/Recycling
 - b. Senior Lunch
 - c. Library
23. Councilman Tim De Graw
 - a. Sewer
 - b. Storm Drain
 - c. Roads & Trails
 - d. Transportation Master Plan – Consultant Selection
24. CLOSED SESSION -The Salem City Council may temporarily recess the regular meeting and convene in a closed session to discuss pending or reasonably imminent litigation; the purchase, exchange, or lease of real property or water; or to discuss the character, professional competence or physical or mental health of an individual as provided by Utah Code Annotated §52-4-205.

Please Note: If you have an item that you would like to have discussed before the City Council, please fill out a request form, which is available online at salemcity.org or at the City Office, and return it to the City Office by 5:00 p.m. the Thursday prior to the meeting you would like to attend.

In compliance with the A.D.A., individuals needing special accommodations during this meeting should notify the Salem City Office at 30 W. 100 S. or call (801)423-2770 at least three working days prior to meeting.

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

Mayor
Kurt L Christensen

Salem City Corporation

"Modern Living in a Rural Setting"

City Council
Howard Chuntz
Sterling M. Rees
Tim DeGraw
Seth Sorensen
Delys Snyder

PRIDE

UNITY

SERVICE



SALEM CITY COUNCIL MEETING 2022

COUNCIL MEETINGS WILL BE HELD ON THE FIRST AND THIRD WEDNESDAYS OF EACH MONTH, EXCEPT FOR DECEMBER WHEN ONLY ONE MEETING WILL BE HELD. ALL COUNCIL MEETINGS WILL BEGIN AT 7:00 P.M. WITH WORK SESSIONS BEING HELD PRIOR TO THE REGULAR MEETINGS. THEY WILL BE HELD IN THE SALEM CITY OFFICE BUILDING, COUNCIL CHAMBERS, 30 WEST 100 SOUTH

CALENDAR

JANUARY 5, 2022
JANUARY 19, 2022

JULY 6, 2022
JULY 20, 2022

FEBRUARY 2, 2022
FEBRUARY 16, 2022

AUGUST 3, 2022
AUGUST 17, 2022

MARCH 2, 2022
MARCH 16, 2022

SEPTEMBER 7, 2022
SEPTEMBER 21, 2022

APRIL 6, 2022
APRIL 20, 2022

OCTOBER 5, 2022
OCTOBER 19, 2022

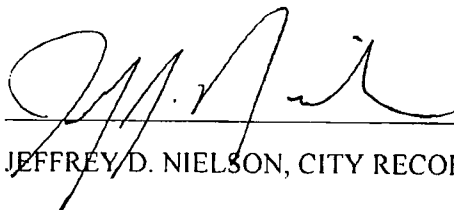
MAY 4, 2022
MAY 18, 2022

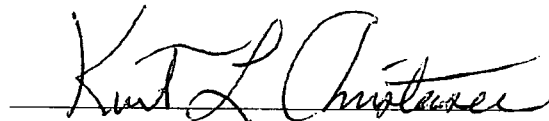
NOVEMBER 2, 2022
NOVEMBER 16, 2022

JUNE 1, 2022
JUNE 15, 2022

DECEMBER 14, 2022

THE CITY WILL BE CLOSED ALL LEGAL HOLIDAYS AND NOVEMBER 25TH, THE DAY AFTER THANKSGIVING AND DECEMBER 23RD and 26TH FOR CHRISTMAS.


JEFFREY D. NIELSON, CITY RECORDER


KURT L. CHRISTENSEN, MAYOR

30 West 100 South • P.O. Box 901 • Salem, UT 84653
Phone: 801-423-2770 • Fax: 801-423-2818 • SalemCity.org

Recorder - Jeffrey Nielson

Treasurer - Tammy M. Beck

Chief of Police - Brad S. James

EXHIBIT B

GOVERNING DOCUMENT

**GOVERNING DOCUMENT
FOR
ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT
SALEM CITY, UTAH**

July 20, 2022

Prepared by:
Gilmore & Bell, P.C.
Salt Lake City, Utah

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- EXHIBIT B** Salem City Vicinity Map
- EXHIBIT C** Initial District Boundary Map and Annexation Area Boundary Map
- EXHIBIT D** Public Improvements and Park Improvements
- EXHIBIT E** Interlocal Agreement between the District and Salem City

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 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. Although the District has authority to directly provide public improvements, the District also has the authority to pledge tax revenues to an interlocal entity that provides public improvements.

It is the intent of the District to dissolve upon payment or defeasance of all Debt incurred or upon a 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.

D. Applicability.

This Governing Document is not intended to and does not create any rights in favor of any party other than the City. The failure of a District to comply with any terms or conditions of this Governing Document shall not relieve any property owner of an obligation to pay taxes, fees other charges that are adopted or imposed by a 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 City for annexation into the District upon the meeting of certain requirements.

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

Approved Improvement Plan: means, collectively, (1) approval by the City of preliminary construction plans (including construction timeline) and estimated costs of the Park Improvements and (2) approval of a reimbursement agreement between the City and the District relating to the sharing of park impact fees.

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 Salem City, Utah.

City Code: means the City Code of Salem City, Utah.

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

District: means Arrowhead Springs Public Infrastructure District.

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 Debt Mill 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 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**, 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 a consultant that: (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 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.

Project: means the development or property commonly referred to as Arrowhead Springs.

PID Act: means Title 17D, Chapter 4 of the Utah Code, as amended from time to time and any successor statute thereto.

Park Improvements: means those improvements specified in **Exhibit D** as Park Improvements (as may be modified and shall be more fully set forth in the Approved Improvement Plan).

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, as specifically limited in Section V below and outlined in **Exhibit D** (as may be modified and shall be more fully set forth in the Approved Improvement Plan) to serve the future taxpayers and inhabitants of the District Area and as shall be set forth in an Approved Improvement Plan.

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 approximately two hundred sixty-seven (267) acres and the total area proposed to be included in the Annexation Area Boundaries is approximately one-third (0.33) of an acre. A legal description of the Initial District Boundaries and the Annexation Area 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**. It is anticipated that the District's boundaries may change from time to time as it undergoes annexations pursuant to Section 17D-4-201, Utah Code, subject to Article V below.

IV. PROPOSED LAND USE/POPULATION PROJECTIONS/ASSESSED VALUATION

The District Area consists of mostly undeveloped land. The current assessed valuation of the District Area at build out, is expected to be sufficient to reasonably discharge the Debt under the Financial Plan. Upon build out, the District Area is anticipated to contain approximately 1,504 residential units.

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 Improvement 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. Improvements. 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 described in **Exhibit D**. Without the written consent of the City, the District shall not be authorized to finance any improvements outside of those listed in **Exhibit D** (as may be modified and shall be more fully set forth in the Approved Improvement Plan). The District shall dedicate the Public Improvements to the City or other appropriate public entity in a manner consistent with the Approved Improvement 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.

(a) Park Improvements. Notwithstanding the foregoing, prior to providing for the planning, design, acquisition, construction, installation, relocation, maintenance, and financing of any other Public Improvements the District shall either: 1) set aside an amount equal to the estimated cost of the Park Improvements and contingencies as set forth in the Approved Improvement Plan in an account requiring City signoff to be disbursed, or 2) receive written confirmation from the City that the City is satisfied that sufficient funding is in place to finance the Park Improvements.

(b) Additional Improvements. The District is also authorized to fund the planning and design of the Public Improvements as more fully described in **Exhibit D**, provided that the District may not fund the construction of such Public Improvements until the District has met the funding requirements of Section V(A)(1)(a) above.

The District shall be permitted to pay for Public Improvements specifically identified herein irrespective of any increase or decrease in the actual cost, provided that the District complies with this Section V and other requirements of this Governing Document, including but not limited to the debt limit provided in Section V.A(8) and the maximum property tax mill levy provided in Section VIII.C. If the District desires to pay for the costs associated with improvements not

specifically identified herein, then it must first obtain approval from the City in an Approved Improvement Plan.

(c) Commencement of Construction of Park Improvements. Construction of the Park Improvements must commence in accordance with the timeline established in an Approved Improvement Plan.

(d) Reimbursement for Improvements. Any impact fee reimbursements or credits which become available due to the financing of Public Improvements by the District shall be for the benefit of the District and not any developer. The specifics of the scope and availability of impact fee reimbursements shall be reserved and will be addressed in a future interlocal agreement between the City and the District.

(e) Ownership of Improvements. Notwithstanding the provisions of this Section V.A.1, without written authorization of the City, the District shall not be authorized to finance the costs of any improvements or facilities which are to be ultimately owned by the District.

2. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the customary 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 surveyor or engineer that is selected or approved in writing by the City (which may include a surveyor or engineer employed by the City).

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 and this Governing Document, has consented to the annexation of any area within the Annexation Area Boundaries into the District. Such area may only be annexed upon 1) annexation of such parcel into the City or adoption of a resolution of the County approving such annexation into the District and 2) 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) Any annexation or withdrawal shall be in accordance with the requirements of the PID Act.

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

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

6. Overlap Limitation. 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 Improvement 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 District shall not issue Debt in excess of the amount of Forty-Five Million Dollars (\$45,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

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 17D-4-201(5), 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).

(c) 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. Eminent Domain. In no event shall the District have authority to exercise eminent domain or utilize any funds of the District to support any eminent domain action or proceeding without the prior approval of the City Council.

11. Governing Document Amendment Requirement

(a) This Governing Document has been designed with sufficient flexibility to enable the District to provide the Public Improvements under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-8 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 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, to be more specifically defined in an Approved Improvement 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 Thirty-Eight Million Dollars (\$38,000,000).

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 City and/or any other applicable public entity and shall be in accordance with the requirements of the Approved Improvement 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 City Council pursuant to the PID Act. Trustees 1, 2, and 3 shall initially be at large. Trustee terms shall be staggered with initial terms as follows: Trustee 2 shall serve an initial term of 4 years; Trustees 1 and 3 shall serve an initial term of 6 years. All 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. In accordance with the PID Act, appointed Trustees shall not be required to be residents of the District.

B. Transition to Elected Board. Respective board seats shall transition from appointed to elected seats according to the following milestones:

1. Trustee 1. Trustee 1 shall transition to an elected seat upon the earlier to occur of (i) issuance by the City of 750 building permits within the District or (ii) January 1, 2028.
2. Trustee 2. Trustee 2 shall transition to an elected seat upon the earlier to occur of (i) issuance by the City of 1,125 building permits within the District or (ii) January 1, 2030.
3. Trustee 3. Trustee 3 shall transition to an elected seat upon the earlier to occur of (i) issuance by the City of 1,350 building permits within the District or (ii) January 1, 2032.

No transition pursuant to this Section on the basis of the number of building permits issued shall become effective until the next scheduled regular election of the District. Seats set to transition on January 1 of a given year shall hold an election for such seats at the regular election immediately preceding such January 1.

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 at the next municipal election 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.

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 17D-4-202 and 67-16-9, Utah Code, shall be entitled to vote on such matters.

VII. RESERVED

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. In addition, the District shall be permitted to finance the prepayment of impact fees for the Project. 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, impact fees remitted by the City, and other legally available revenues. The total Debt that the District shall be permitted to issue shall not exceed Forty-Five Million Dollars (\$45,000,000) 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. 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 17D-4-304, Utah Code, as amended from time to time.

B. Maximum 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 fifteen percent (15%). 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.

(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 and administrative expenses and such maximum shall be 0.008 per dollar of taxable value of taxable property in the District; provided that such levy shall be subject to adjustment as provided in Section 17D-4-301(8), Utah Code.

(b) Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17D-4-202, Utah Code.

D. Maximum Debt Mill Levy Imposition Term.

Each bond issued by the District shall mature within Thirty-One (31) 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 first date of imposition of the mill levy for 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 shall also pledge any impact fees remitted by the City for the 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 17D-4-304, 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.

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 engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be Seventy-Five Thousand Dollars (\$75,000), 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 Fifty Thousand Dollars (\$50,000) which is anticipated to be derived from property taxes and other revenues.

I. Bond and Disclosure Counsel; Municipal Advisor.

It is the intent of the City that the District shall use competent and nationally recognized bond and disclosure counsel and Municipal Advisor 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 and Zions Public Finance, Inc., as Municipal Advisor with respect to District Bonds as permitted by law. The foregoing requirement may be waived in writing by the City.

IX. ANNUAL REPORT

A. General.

The District shall be responsible for submitting an annual report to the City Manager's Office no later than 180 days following the end of the District's fiscal year.

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 City 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 the last day of the prior fiscal year;
7. Status of the District's construction of the Public Improvements as of last day of the prior fiscal year and listing all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of the last day of the prior fiscal 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 City;
10. Current year budget including a description of the Public Improvements to be constructed in such year;

11. 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 180 days following the end of the fiscal year);

12. Notice of any uncured events of default by the District, which continue beyond a 90 day period, under any Debt instrument; and

13. 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 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 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; ANNUAL NOTICE

A. Disclosure. Within thirty (30) days of the issuance of a certificate of incorporation by the Office of the Lieutenant Governor of the State, 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. A copy of the notice shall further be provided to 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 initial resident homeowners, renters, commercial property owners, and/or commercial tenants:

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

“Under the maximum property tax rate of the District, for every \$100,000 of taxable value, there would be an additional annual property tax of \$800 for the duration of the District’s Bonds.”
- (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.

B. Annual Notice. On or before July 15 of each year, commencing July 15, 2023, the District shall mail a notice to all owners of property within the boundaries of the District a notice providing:

- (1) A disclosure outlining the impact of any applicable property tax, in substantially the following form:

“Under the maximum property tax rate of the District, **for every \$100,000 of taxable value**, there would be an **additional annual property tax of \$800** for the duration of the District’s Bonds.”

- (2) The applicable tax rate of the District for the then current year;
- (3) That budgets and financial information for the District may be found on the State Auditor’s Website (currently <https://reporting.auditor.utah.gov/searchreports/s/>); and
- (4) Contact information for members of the board.

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 E**. The District shall approve the Interlocal Agreement in the form attached as **Exhibit E** at its first Board meeting after its organization. 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 E** at the public hearing approving the Governing Document.

EXHIBIT A

Legal Descriptions

INITIAL BOUNDARY LEGAL DESCRIPTION

MAIN PARCEL AS SURVEYED DESCRIPTION:

BEGINNING AT A POINT ON THE NORTHWESTERLY RIGHT OF WAY LINE OF ARROWHEAD TRAIL ROAD, SAID POINT BEING NORTH 01'17'04" WEST. ALONG THE SECTION LINE, 1223.30 FEET FROM THE SOUTHEAST CORNER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE ALONG SAID RIGHT OF WAY LINE AND A FENCE THE FOLLOWING SEVEN (7) COURSES, 1) SOUTH 55°47'56" WEST 475.36 FEET; 2) SOUTH 55°50'40" WEST 520.88 FEET; 3) SOUTH 55°45'55" WEST 1150.12 FEET; 4) SOUTH 55°41'16" WEST 1158.76 FEET; 5) SOUTH 43°30'28" WEST 577.35 FEET; 6) SOUTH 43°10'20" WEST 1019.42 FEET; 7) SOUTH 42°48'50" WEST 287.96 FEET TO THE EASTERLY RIGHT OF WAY LINE OF 1750 WEST STREET; THENCE ALONG SAID RIGHT OF WAY THE FOLLOWING FOUR (4) COURSES, 1) NORTH 06°58'55" WEST 1245.59 FEET; 2) NORTH 05°59'45" WEST 743.67 FEET; 3) NORTH 06°19'06" WEST 397.92 FEET; 4) NORTH 05°27'39" WEST 196.37 FEET; THENCE NORTH 89°47'59" EAST ALONG FENCE 1405.10 FEET; THENCE NORTH 00°23'54" WEST ALONG FENCE 2027.56 FEET TO THE SOUTH RIGHT OF WAY LINE OF 8400 SOUTH STREET; THENCE NORTH 89°41'45" EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, 841.10 FEET; THENCE NORTH 00°06'15" WEST 25.68 FEET; THENCE NORTH 89°36'44" EAST 2063.71 FEET; THENCE NORTH 89°23'45" EAST 594.00 FEET; THENCE SOUTH 00°36'15" EAST 49.50 FEET; THENCE NORTH 89°23'45" EAST 660.00 FEET; THENCE NORTH 00°36'15" WEST 49.50 FEET; THENCE NORTH 89°23'45" EAST 594.00 FEET; THENCE SOUTH 33°21'44" EAST 65.66 FEET TO A FENCE CORNER; THENCE SOUTH 23°22'43" EAST ALONG SAID FENCE 97.49 FEET TO THE NORTHWESTERLY RIGHT OF WAY LINE OF SAID ARROWHEAD TRAIL ROAD AND FENCE; THENCE ALONG SAID RIGHT OF WAY THE FOLLOWING TWO (2) COURSES: 1) SOUTH 55°52'23" WEST 1251.30 FEET; 2) SOUTH 55°46'25" WEST 1034.42 FEET TO THE EAST LINE OF SAID SECTION 34 AND THE POINT OF BEGINNING.

LESS AND ACCEPTING UTAH COUNTY PARCELS 25:058:0023, 30:009:0076, 30:009:0077 AND 30:009:0089
CONTAINS 252.593 ACRES. MORE OR LESS

TRIANGLE PROPERTY AS SURVEYED DESCRIPTION:

BEGINNING AT A POINT ON THE SOUTH LINE OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT BEING SOUTH 89°47'27" WEST. ALONG THE SECTION LINE, 92.63 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 34 AND RUNNING THENCE SOUTH 89°47'27" WEST, ALONG THE SECTION LINE, 1470.25 FEET: THENCE NORTH

2317'10" WEST 97.09 FEET TO THE SOUTHEASTERLY RIGHT OF WAY OF
ARROWHEAD TRAIL ROAD; THENCE NORTH 55°35'11" EAST, ALONG SAID RIGHT OF
WAY LINE, 1417.09 FEET; THENCE NORTH 55°51'52" EAST, ALONG SAID RIGHT OF
WAY, 397.62 FEET; THENCE SOUTH 00°38'23" EAST 590.63 FEET; THENCE SOUTH
00°25'33" EAST
517.25 FEET TO THE SOUTH LINE OF SAID SECTION 34 AND THE POINT OF
BEGINNING.
CONTAINS 20.726 ACRES, MORE OR LESS

Consisting of the Following Parcels:

Owner	Parcel Number	Acres
PROJEK1 LLC	25:061:0040	12.65
PROJEK1 LLC	25:061:0039	20.74
GECKO GREY LLC	25:058:0030	14.76
GECKO GREY LLC	25:058:0032	3.80
GECKO GREY LLC	25:062:0022	11.10
GECKO GREY LLC	25:062:0033	0.80
GECKO GREY LLC	25:062:0034	0.88
GECKO GREY LLC	25:061:0026	8.67
GECKO GREY LLC	25:061:0034	7.81
GECKO GREY LLC	25:061:0041	40.55
GECKO GREY LLC	25:061:0036	6.73
GECKO GREY LLC	25:058:0027	5.80
GECKO GREY LLC	25:061:0027	0.22
GECKO GREY LLC	25:062:0032	20.57
GECKO GREY LLC	30:009:0086	9.65
GECKO GREY LLC	30:009:0085	4.23
GECKO GREY LLC	30:009:0087	27.67
GECKO GREY LLC	25:061:0037	0.004
GECKO GREY 3 LLC	25:061:0030	0.81
GECKO GREY 3 LLC	25:061:0029	14.49
GECKO GREY 3 LLC	25:058:0031	4.99
GECKO GREY 3 LLC	25:061:0031	8.44
GECKO GREY 2 LLC	25:061:0033	0.55
GECKO GREY 2 LLC	25:058:0028	1.06
GECKO GREY 2 LLC	25:058:0021	0.94
GECKO GREY 2 LLC	25:061:0013	14.97
GECKO GREY 2 LLC	25:061:0028	6.29
ARROW 67120 LLC	25:061:0032	18.21
Total		267.40

ANNEXATION AREA PARCEL DESCRIPTION

That portion of parcel 25:061:0039 currently within unincorporated Utah County, Utah.

EXHIBIT B

Salem City Vicinity Map

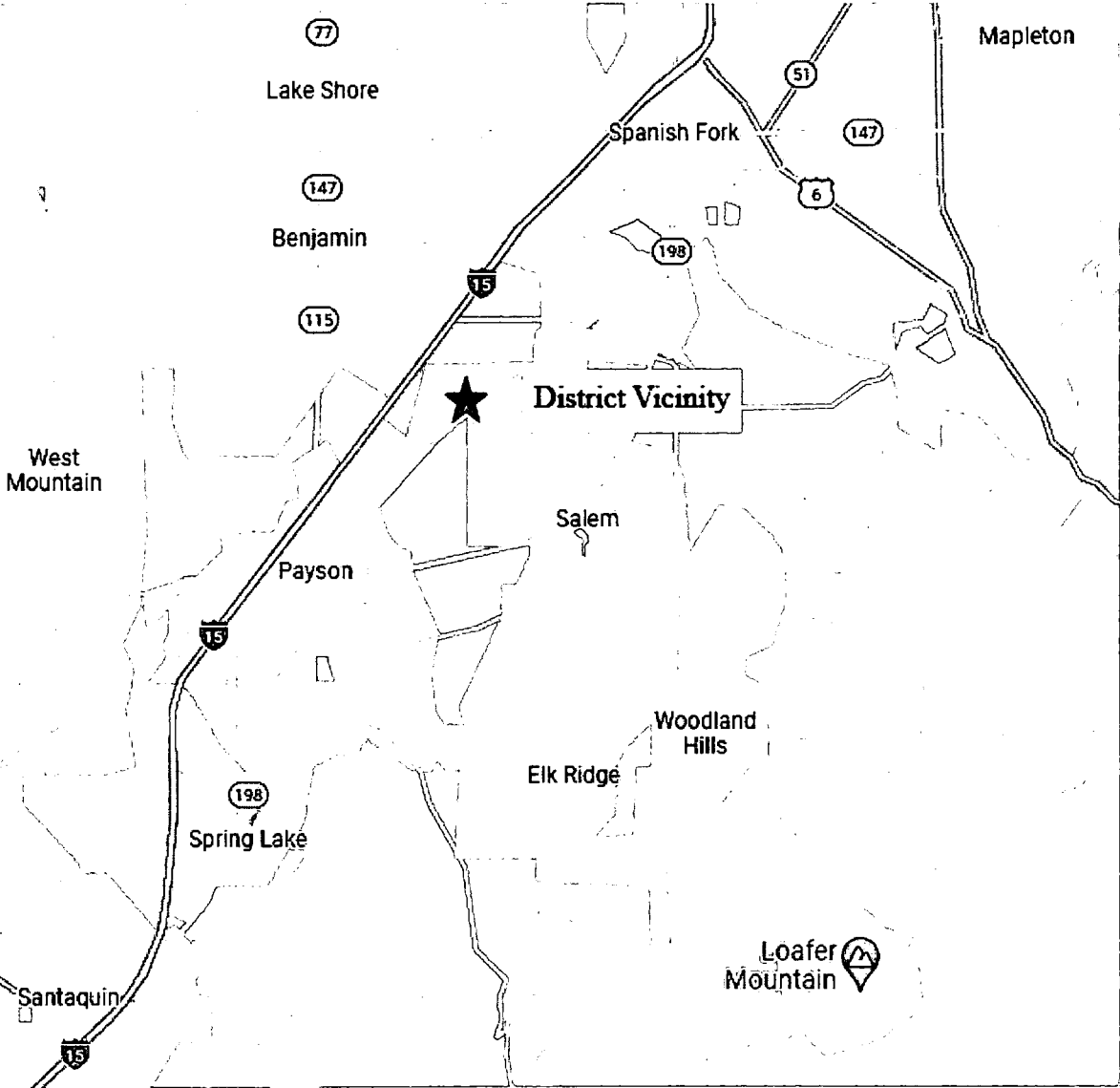


EXHIBIT C

Initial District Boundary Map

EXHIBIT D**Public Improvements and Park Improvements****Public Improvements**

- Regional Sports Facility Costs (set forth below)
- Pressurized Irrigation Reimbursement
- Electrical Substation Reimbursement
- Additional Public Infrastructure Costs (Access Roads to Regional Sports Facility & Sewer, Water)

Park Improvements

Recreation Complex covering approximately 52.2 acres and containing the following:

- Five base/softball fields
- Six soccer fields
- Pickleball courts
- Horseshoe pits
- One or more pergolas
- A water feature (splash pad)
- Three tot lots
- Tennis courts
- Pavilions
- 400 parking stalls
- Landscaping as shown on the Concept Plan for the Development
- Open space to be landscaped as follows:
 - trees and shrubs
 - automatic sprinklers installed
 - hydro-seeding
 - minimum of twenty-four park benches installed

EXHIBIT E

INTERLOCAL AGREEMENT BETWEEN

SALEM CITY, UTAH

AND

ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT

THIS AGREEMENT is made and entered into as of this 20th day of July, 2021, by and between the SALEM CITY, a home-rule municipal corporation of the State of Utah (“City”), and ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT, 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 April 15, 2021 (“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 Improvement 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. 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. Improvements Limitation. 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 described in the Governing Document. Without the written consent of the City, the District shall not be authorized to finance any improvements outside of those listed in the Governing Document (as may be modified and shall be more fully set forth in the Approved Improvement Plan). Without

written authorization of the City, the District shall not be authorized to finance the costs of any improvements or facilities which are to be ultimately owned by the District.

3. Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the customary 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.

4. Issuance of Privately Placed Debt. 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. Inclusion Limitation. The District shall not include within its boundaries any property outside the District Area without the prior written consent of the City. By the Governing Document, the City has consented to the annexation of any area within the Annexation Area into or from the District Boundaries. Such area may only be annexed upon 1) annexation of such parcel into the City or adoption of a resolution of the County approving such annexation into the District and 2) 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.

6. Overlap Limitation. 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. Park Improvements.

(a) Prior to providing for the planning, design, acquisition, construction, installation, relocation, maintenance, and financing of any other Public Improvements the District shall either: 1) set aside an amount equal to the estimated cost of the Park Improvements and contingencies as set forth in the Approved Improvement Plan in an account requiring City signoff to be disbursed, or 2) receive written confirmation from the City that the City is satisfied that sufficient funding is in place to finance the Park Improvements.

(b) The District is also authorized to fund the planning and design of the Public Improvements, provided that the District may not fund the construction of such Public Improvements until the District has met the funding requirements of Section V(A)(1)(a) above.

(c) Construction of the Park Improvements must commence in accordance with the timeline established in an Approved Improvement Plan.

(d) Any impact fee reimbursements or credits which become available due to the financing of Public Improvements by the District shall be for the benefit of the District and not any developer. The specifics of the scope and availability of impact fee reimbursements shall be reserved and will be addressed in a future interlocal agreement between the City and the District.

8. Initial Debt. On or before the effective date of approval by the City of an Approved Improvement 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.

9. Total Debt Issuance. The District shall not issue Debt in excess of the amount of Forty-Five Million Dollars (\$45,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District.

10. 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 17D-4-201(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.

11. Eminent Domain. In no event shall the District have authority to exercise eminent domain or utilize any funds of the District to support any eminent domain action or proceeding without the prior approval of the City Council.

12. 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 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.

13. Disclosure to Purchasers; Annual Notice.

(a) Within thirty (30) days of the issuance of a certificate of incorporation by the Office of the Lieutenant Governor of the State, the Board shall record a notice with the recorder of Utah County, Utah. 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. A copy of the notice shall further be provided to 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 initial resident homeowners, renters, commercial property owners, and/or commercial tenants:

i. All of the information in the first paragraph of 11 of this Agreement;

ii. A disclosure outlining the impact of any applicable property tax, in substantially the following form:

“Under the maximum property tax rate of the District, **for every \$100,000 of taxable value**, there would be an **additional annual property tax of \$800** for the duration of the District’s Bonds.”

iii. 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.

(b) On or before July 15 of each year, commencing July 15, 2023, the District shall mail a notice to all owners of property within the boundaries of the District a notice providing:

i. A disclosure outlining the impact of any applicable property tax, in substantially the following form:

“Under the maximum property tax rate of the District, **for every \$100,000 of taxable value**, there would be an **additional annual property tax of \$800** for the duration of the District’s Bonds.”

ii. The applicable tax rate of the District for the then current year;

iii. That budgets and financial information for the District may be found on the State Auditor's Website (currently <https://reporting.auditor.utah.gov/searchreports/s/>); and

iv. Contact information for members of the board.

14. 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.

15. Annual Report. The District shall be responsible for submitting an annual report to the City Manager's Office no later than 180 days following the closing of the District's fiscal year, containing the information set forth in Section VIII of the Governing Document.

16. Reserved.

17. 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 and administrative expenses and such maximum shall be 0.008 per dollar of taxable value of taxable property in the District; provided that such levy shall be subject to adjustment as provided in Section 17D-4-301(8).

(b) Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17D-4-202.

18. Maximum Debt Mill Levy Imposition Term. Each bond issued by the District shall mature within thirty-one (31) 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 first date of imposition of the mill levy for such bond (the "Maximum Debt Mill Levy Imposition Term").

19. 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:	Arrowhead Springs Public Infrastructure District c/o Cohne Kinghorn 111 East Broadway, 11th Floor Salt Lake City, Utah 84111 Attn: Jeremy Cook Phone: 801-363-4300
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To the City: Salem City
 30 W 100 S
 Salem, UT 84653
 Attn: City Manager
 Phone: (801) 423-2770

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.

20. 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.

21. 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.

22. 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.

23. Term. This Agreement shall terminate upon the earlier to occur of dissolution of the District or fifty (50) years from the date hereof.

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

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

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

31. 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]

ARROWHEAD SPRINGS PUBLIC
INFRASTRUCTURE DISTRICT


By: _____
President

Attest:

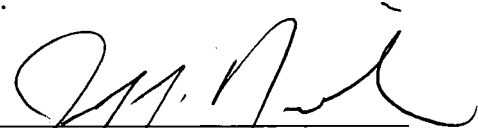
Secretary

APPROVED AS TO FORM: _____

SALEM CITY, UTAH

By: 
Mayor Kurt L Christensen

Attest:

By: 
Its: City Recorder – Jeffrey Nielson

APPROVED AS TO FORM: _____

EXHIBIT C

NOTICE OF BOUNDARY ACTION

EXHIBIT "A" TO NOTICE OF BOUNDARY ACTION

Copy of the Creation Resolution

EXHIBIT "B" TO NOTICE OF BOUNDARY ACTION

Final Local Entity Plat

MAIN PARCEL AS SURVEYED DESCRIPTION:

BEGINNING AT A POINT ON THE NORTHWESTERLY RIGHT OF WAY LINE OF ARROWHEAD TRAIL ROAD, SAID POINT BEING NORTH 01°17'04" WEST. ALONG THE SECTION LINE, 1223.30 FEET FROM THE SOUTHEAST CORNER OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE ALONG SAID RIGHT OF WAY LINE AND A FENCE THE FOLLOWING SEVEN (7) COURSES, 1) SOUTH 55°47'56" WEST 475.36 FEET; 2) SOUTH 55°50'40" WEST 520.88 FEET; 3) SOUTH 55°45'55" WEST 1150.12 FEET; 4) SOUTH 55°41'16" WEST 1158.76 FEET; 5) SOUTH 43°30'28" WEST 577.35 FEET; 6) SOUTH 43°10'20" WEST 1019.42 FEET; 7) SOUTH 42°48'50" WEST 86.97 FEET; THENCE NORTH 46°18'46" WEST 201.24 FEET TO A POINT OF CURVATURE; THENCE ALONG AN ARC 44.17 FEET TO THE RIGHT, HAVING A RADIUS OF 383.00 FEET, THE CHORD BEARS N 43°00'23" W 44.15 FEET; TO THE EASTERLY RIGHT OF WAY LINE OF 1750 WEST STREET; THENCE ALONG SAID RIGHT OF WAY NORTH 06°58'55" WEST 903.21 FEET; THENCE NORTH 83°26'39" EAST 192.67 FEET, THENCE NORTH 06°33'57" WEST 584.87 FEET, NORTH 06°34'50" WEST 752.84 FEET, THENCE NORTH 89°47'59" EAST ALONG FENCE 1211.19 FEET; THENCE NORTH 00°23'54" WEST ALONG FENCE 2027.56 FEET TO THE SOUTH RIGHT OF WAY LINE OF 8400 SOUTH STREET; THENCE NORTH 89°41'45" EAST, ALONG SAID SOUTH RIGHT OF WAY LINE, 841.10 FEET; THENCE NORTH 00°06'15" WEST 25.68 FEET; THENCE NORTH 89°36'44" EAST 2063.71 FEET; THENCE NORTH 89°23'45" EAST 594.00 FEET; THENCE SOUTH 00°36'15" EAST 49.50 FEET; THENCE NORTH 89°23'45" EAST 660.00 FEET; THENCE NORTH 00°36'15" WEST 49.50 FEET; THENCE NORTH 89°23'45" EAST 594.00 FEET; THENCE SOUTH 33°21'44" EAST 65.66 FEET TO A FENCE CORNER; THENCE SOUTH 23°22'43" EAST ALONG SAID FENCE 97.49 FEET TO THE NORTHWESTERLY RIGHT OF WAY LINE OF SAID ARROWHEAD TRAIL ROAD AND FENCE; THENCE ALONG SAID RIGHT OF WAY THE FOLLOWING TWO (2) COURSES: 1) SOUTH 55°52'23" WEST 1251.30 FEET; 2) SOUTH 55°46'25" WEST 1034.42 FEET TO THE EAST LINE OF SAID SECTION 34 AND THE POINT OF BEGINNING.

CONTAINS 245.967 ACRES. MORE OR LESS

TRIANGLE PROPERTY AS SURVEYED DESCRIPTION:

BEGINNING AT A POINT ON THE SOUTH LINE OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT BEING SOUTH 89°47'27" WEST ALONG THE SECTION LINE, 92.63 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 34 AND RUNNING THENCE SOUTH 89°47'27" WEST, ALONG THE SECTION LINE, 1395.50 FEET; THENCE NORTH 00°46'35" EAST 167.98 FEET TO THE SOUTHEASTERLY RIGHT OF WAY OF ARROWHEAD TRAIL ROAD; THENCE NORTH 55°35'11" EAST, ALONG SAID RIGHT OF WAY LINE, 1278.01 FEET; THENCE NORTH 55°51'52" EAST, ALONG SAID RIGHT OF WAY, 397.62 FEET; THENCE SOUTH 00°38'23" EAST 590.63 FEET; THENCE SOUTH 00°25'33" EAST 517.25 FEET TO THE SOUTH LINE OF SAID SECTION 34 AND THE POINT OF BEGINNING.

CONTAINS 20.446 ACRES, MORE OR LESS