

#### OFFICE OF THE LIEUTENANT GOVERNOR

#### CERTIFICATE OF CREATION

I, Deidre M. Henderson, Lieutenant Governor of the State of Utah, hereby certify that there has been filed in my office a notice of creation for the ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT, located in SALEM CITY, dated SEPTEMBER 1, 2022, complying with Section §17B-1-215, Utah Code Annotated, 1953, as amended.

Now, therefore, notice is hereby given to all whom it may concern that the attached is a true and correct copy of the notice of creation, referred to above, on file with the Office of the Lieutenant Governor pertaining to the ARROWHEAD SPRINGS PUBLIC INFRASTRUCTURE DISTRICT, located in UTAH COUNTY, State of Utah.



IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed the Great Seal of the State of Utah this 1<sup>st</sup> day of September, 2022 at Salt Lake City, Utah.

DEIDRE M. HENDERSON Lieutenant Governor

## NOTICE OF IMPENDING BOUNDARY ACTION

TO: The Lieutenant Governor, State of Utah

**NOTICE IS HEREBY GIVEN** that the City Council of the City of Salem, Utah (the "Council"), acting in its capacity as the creating entity for the Arrowhead Springs Public Infrastructure District (the "District"), at a regular meeting of the Council, duly convened pursuant to notice, on July 20, 2022 adopted a *Resolution Providing for the Creation of a Public Infrastructure District*, a true and correct copy of which is attached as <u>EXHIBIT "A"</u> 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 as <a href="EXHIBIT">EXHIBIT">EXHIBIT">EXHIBIT"</a> hereto and incorporated by this reference. The Council hereby certifies that all requirements applicable to the creation of the District, as more particularly described in the Creation Resolution, have been met. The District is not anticipated to result in the employment of personnel.

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

DATED this 20 day of 1010	, 2022.
	CITY COUNCIL, THE CITY OF SALEM, UTAH, acting in its capacity as the creating authority for the Arrowhead Springs Public Infrastructure District  By:  AUTHORIZED  REPRESENTATIVE  Mayor Kurt L. Christensen
	VERIFICATION
STATE OF UTAH	
:	SS.
COUNTY OF UTAH	
SUBSCI	RIBED AND SWORN to before me this ${\it 20}$ day of

JEFFREY NIELSON NOTARY PUBLIC • STATE OF UTAH COMMISSION NO. 722925 COMM. EXP. 02/07/2026

NOTARY PUBLIC

#### 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 TIHE 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; TIHENCE NORTH 00°06'15" WIEST 25.68 FEET: THENCE NORTH 89°36'44" EAST 2063.71 FEET: TIHENCE 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

#### **RESOLUTION No. - 72022**

#### ROLL CALL

VOTING	YES	NO
KURT L CHRISTENSEN Mayor (votes only in case of tie)		
TIM De GRAW Councilmember	X	
KELLY PETERSON	Absent	
Councilmember	Absent	71
CRISTY SIMONS Councilmember	X	
DELYS SNYDER Councilmember	X	
SETH SORENSEN Councilmember	Х	

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** 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.

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 <a href="Exhibit C">Exhibit C</a> (the "Boundary Notice") and a Final Entity Plat to be attached thereto as <a href="Boundary Notice Appendix B">Boundary Notice Appendix B</a> (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 <u>Exhibits B</u> and <u>Governing Document Exhibit C</u> 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.

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

CITY OF SALEM, UTAH

By: Jun ?

Mayor

ATTEST:

City Recorder

4881-4052-1249, v. 4

TATE 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:

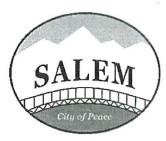
The foregoing pages are a true, correct, and complete copy of the record of proceedings of the City Council (the "Council"), had and taken at a lawful meeting of the Council on July 20, 2022, commencing at the hour of 7:00 p.m., as recorded in the regular official book of the proceedings of the Council 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.

SEAL S

City Records



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 20<sup>th</sup> to request the link.

DATE	L   20 2022 (C: C   1 Cl   1 20 W; 100 C   1)	
DATE:	July 20, 2022 (City Council Chamber 30 West 100 South)	
6:00 p.m.	Work Session	
	<ol> <li>PID Discussion (Arrowhead Springs Development)</li> <li>Agenda Item's Discussion</li> </ol>	
7:00 p.m.	AGENDA – REGULAR COUNCIL MEETING	
	<ol> <li>Volunteer Motivational/Inspirational Message</li> <li>Invitation to Say Pledge of Allegiance</li> <li>Youth Council Report</li> <li>SF / Salem Chamber Report</li> <li>Public Hear         <ul> <li>Arrowhead Springs Public Infrastructure District</li> </ul> </li> <li>Decision: Arrowhead Springs Public Infrastructure District</li> <li>Decision: Contract for Public Defender Services</li> <li>Decision: Minutes of July 6, 2022 &amp; June 22, 2022</li> <li>Decision: Bills for Payment</li> </ol>	

#### 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

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#### I. INTRODUCTION

## A. <u>Purpose and Intent.</u>

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 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

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. <u>DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES</u>

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. <u>Improvements</u>. 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

- (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. <u>Overlap Limitation</u>. 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. <u>Initial Debt Limitation</u>. 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. <u>Total Debt Issuance Limitation</u>. 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. <u>Bankruptcy Limitation</u>. 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).

State of Utah. In accordance with the PID Act, appointed Trustees shall not be required to be residents of the District.

- B. <u>Transition to Elected Board</u>. 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. <u>Vacancy</u>. Any vacancy on the Board shall be filled pursuant to the Local District Act.
- E. <u>Compensation</u>. 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. <u>Conflicts of Interest</u>. 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. <u>RESERVED</u>

#### 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

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.

- 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.

#### **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 FOLLO\\1NG 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" WIEST 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 TIHE 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. WIEST 743.67 FEET: 3) NORTH 0619'06" WIEST 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" WIEST 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; TIHENCE NORTH 00'06'15" WIEST 25.68 FEET: THENCE NORTH 89'36'44" EAST 2063.71 FEET; TIHENCE NORTH 89"23'45" EAST 594.00 FEET; THENCE SOUTIH 00'36'15" EAST 49.50 FEET; THENCE NORTH 89'23'45" EAST 660.00 FEET; THENCE NORTIH 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" WIEST 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:

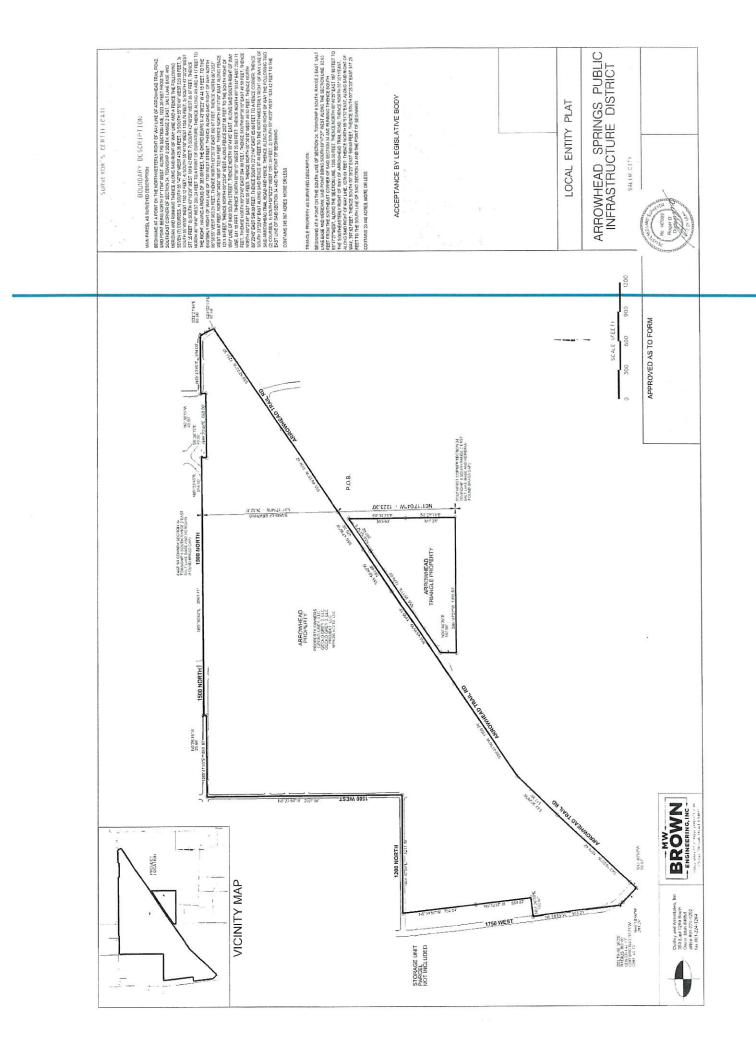
BEGINNING AT A POINT ON THE SOUTH LINE OF SECTION 34, TOWNSHIP 8 SOUTH, RANGE 2 EAST, SALT LAKE BASE AND MERIDIAN, SAID POINT BEING SOUTH 89"47'27"WEST. ALONG THE SECTION LINE, 92.63 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 34 AND RUNNING THENCE SOUTH 89"47'27"WEST, ALONG THE SECTION LINE, 1470.25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

# **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 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. <u>Improvements Limitation</u>. 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

- (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. <u>Initial Debt.</u> 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. <u>Total Debt Issuance</u>. 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. <u>Bankruptcy</u>. 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. <u>Eminent Domain</u>. 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.

- 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. <u>Governing Document Amendment Requirement</u>. 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. <u>Maximum Debt Mill Levy</u>.

- (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. <u>Maximum Debt Mill Levy Imposition Term</u>. 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. <u>Notices</u>. 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

- 28. <u>Severability</u>. 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. <u>Counterparts</u>. 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. <u>Paragraph Headings</u>. Paragraph headings are inserted for convenience of reference only.
- 31. <u>Defined Terms</u>. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Governing Document.

