

STATE OF UTAH



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 SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2, located in HURRICANE CITY, dated NOVEMBER 14, 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 SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2, located in WASHINGTON COUNTY, State of Utah.

IN TESTIMONY WHEREOF, I have hereunto set my hand, and affixed the Great Seal of the State of Utah this 14th day of November, 2022 at Salt Lake City, Utah.



A handwritten signature in black ink that reads "Deidre M. Henderson".

DEIDRE M. HENDERSON
Lieutenant Governor

Hurricane, Utah

March 23, 2022

The City Council (the "Council") of Hurricane City, Utah (the "City"), met in regular session (including by electronic means) on March 23, 2022, at its regular meeting place in Hurricane, Utah at 6:00 p.m., with the following members of the Council being present:

Nanette Billings	Mayor
Joseph Prete	Councilmember
Dave Sanders	Councilmember
David Hirschi	Councilmember
Doug Heideman	Councilmember
Kevin Thomas	Councilmember

Also present:

Kaden DeMille	City Manager
Cindy Beteag	City Recorder

Absent:

After the meeting had been duly called to order and after other matters not pertinent to this Resolution had been discussed, the City Recorder presented to the Council a Certificate of Compliance with Open Meeting Law with respect to this March 23, 2022, meeting, a copy of which is attached hereto as Exhibit A.

Thereupon, the following Resolution was introduced in writing, read in full and pursuant to motion duly made by Councilmember Joseph Prete and seconded by Councilmember Kevin Thomas adopted by the following vote:

AYE: Kevin Thomas, David Sanders, Doug Heideman

NAY: David Hirschi, Joseph Prete

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

RESOLUTION 2022-14

A RESOLUTION OF THE CITY COUNCIL (THE "COUNCIL") OF THE CITY OF HURRICANE, UTAH (THE "CITY"), PROVIDING FOR THE CREATION OF SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2 (THE "DISTRICT") AS AN INDEPENDENT BODY CORPORATE AND POLITICAL; 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 HERETO; APPROVING OF AN ANNEXATION AREA; AUTHORIZING THE DISTRICT TO PROVIDE SERVICES RELATING TO THE FINANCING AND CONSTRUCTION OF PUBLIC INFRASTRUCTURE WITHIN THE ANNEXATION 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 three separate 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 any of the districts may annex into therein without further approval or hearings of the City or the Council, as further described in Governing Document 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 March 3, 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 E; 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.

the State of Utah.
30 days of the issuance of a Certificate of Creation by the Office of the Lieutenant Governor of

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 Washington County within

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

the Office of the Lieutenant Governor of the State of Utah.
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

by the Office of the Lieutenant Governor of the State of Utah.
(d) Such terms shall commence on the date of issuance of a Certificate of Creation

(c) Trustee 3 – Nate Brockbank for an initial four-year term.

(b) Trustee 2 – Anthon Stauffer for an initial six-year term.

(a) Trustee 1 – Josh Romney for an initial six-year term.

7. The District Board is hereby appointed as follows:

law.
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 E are hereby
authorized and approved and the District shall be governed by the terms thereof and applicable

District pursuant to the PID Act is hereby approved.
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

Code Annotated 1953.
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

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.

PASSED AND ADOPTED by the City Council of the City of Hurricane, Utah, this March

23, 2022.



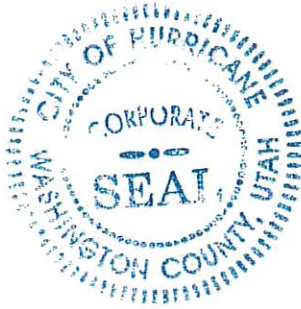
ATTEST:

By: Andy Butts
City Recorder

By: Neville Billings
Mayor
CITY OF HURRICANE, UTAH

(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: Nanette Bellamy
Mayor

ATTEST:

By: Cindy Boteng
City Recorder



By: Cindy Betag
City Recorder

this March 23, 2022.

IN WITNESS WHEREOF, I have herunto set my hand and affixed the seal of the City,

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

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 March 23, 2022, commencing at the hour of 6:00 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.

I, Cindy Betag, the undersigned duly qualified and acting City Recorder of the City of Hurricane, Utah ("the City"), do hereby certify as follows:

STATE OF UTAH)
: ss.)
COUNTY OF WASHINGTON)

EXHIBIT A

CERTIFICATE OF COMPLIANCE WITH OPEN MEETING LAW

I, Cindy Beteag, the undersigned City Recorder of the City of Hurricane, 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 March 23, 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 JAN 3, 2022, 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 Jan 3, 2022 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 March 23, 2022.

By: Cindy Beteag
City Recorder

NOTICE OF MEETING AND AGENDA

SCHEDULE I



HURRICANE CITY UTAH

Mayor City Manager
Nanette Billings Kaden DeMille

City Council

*Joseph Prete
Dave Sanders
David Hirschi
Kevin Thomas
Doug Heideman*

Hurricane City Council Special Meeting Agenda

March 23, 2022
6:00 PM

City Council Chambers 147 N 870 W, Hurricane

Notice is hereby given that the City Council will hold a Special Meeting in the City Council Chambers 147 N 870 W, Hurricane, UT. [Meeting link to Webex](#) Meeting number: 2630 456 5376 Meeting password: HCcouncil Join from a video or application Dial 26304565376@cityofhurricane.webex.com. You can also dial 173.243.2.68 and enter your meeting number. Join by phone +1-415-655-0001 US Toll Access code:26304565376. A silent roll call will be taken, followed by the Pledge of Allegiance and prayer by invitation.

6:00 p.m. - Call to Order

Pledge

Historical Thought

Prayer

OLD BUSINESS

1. Consideration and possible approval of awarding the **bid to purchase and install bleachers at the Hurricane Equestrian Park** - Darren Barney
2. Consideration for adoption of a **resolution of the City Council of Hurricane City, Utah, providing for the creation of Sand Hollow Mesa Public Infrastructure District No. 1** as an independent body corporate and politic; authorizing and approving a governing document, an interlocal agreement, and a notice of boundary action; and related matters
3. Consideration for adoption of a **resolution of the City Council of Hurricane City, Utah, providing for the creation of Sand Hollow Mesa Public Infrastructure District No. 2** as an independent body corporate and politic; authorizing and approving a governing document, an interlocal agreement, and a notice of boundary action; and related matters
4. Consideration for adoption of a **resolution of the City Council of Hurricane City, Utah, providing for the creation of Sand Hollow Mesa Public Infrastructure District No. 3** as an independent body corporate and politic; authorizing and approving a governing document, an interlocal agreement, and a notice of boundary action; and related matters

5. Consideration for adoption of a resolution of the City Council of Hurricane City, Utah, providing for the creation of Bench Lake Public Infrastructure District as an independent body corporate and politic; authorizing and approving a governing document, an interlocal agreement, and a notice of boundary action; and related matters

NEW BUSINESS

1. Consideration and possible approval of awarding the bid for the Sand Hollow well
2. Consideration and possible approval of a resolution appointing Nanette Billings to the Hurricane Valley Fire District Board
3. Executive Session

Adjournment

I hereby certify that the above notice was posted to the city website, (www.cityofhurricane.com) posted to the state public notice website, and at the following locations:

1. City office – 147 North 870 West, Hurricane, UT
2. The Post Office – 1075 West 100 North, Hurricane, UT
3. The library – 36 South 300 West, Hurricane, UT

_____ for the City Recorder

SCHEDULE 2

NOTICE OF ANNUAL MEETING SCHEDULE

2022 Hurricane City Annual Meeting Notice

The **City Council** is scheduled to meet on the following dates:
January 6 & 20, February 3 & 17, March 3 & 17, April 7 & 21, May 5 & 19, June 2 & 16, July 7 & 21, August 4 & 18, September 1 & 15, October 6 & 20, November 3 & 17, and December 1 & 15. Meetings are held at 5:00 p.m. at 147 North 870 West.

The **Planning Commission** is scheduled to meet on the following dates:
January 13 & 26, February 13 & 26, March 10 & 23, April 14 & 27, May 12 & 25, June 9 & 22, July 14 & 27, August 11 & 24, September 8 & 28, October 13 & 26, November 10, and December 8. Meetings are held at 6:00 p.m. at 147 North 870 West.

The **Power Board** is scheduled to meet on the following dates:
January 25, February 22, March 22, April 26, May 24, June 28, July 26, August 30, September 27, October 25 and November 29 and December 27. Meetings are held at 3:00 p.m. at 526 West 600 North.

The **Water Board** meetings are scheduled for the following dates:
January 25, February 22, March 22, April 26, May 24, June 28, July 26, August 30, September 27, October 25 and November 29 and December 27. Meetings are held at 6:00 p.m. at 646 West 600 North.

The **Airport Board** meetings are scheduled for the following dates:
January 18, February 15, March 15, April 19, May 17, June 21, July 19, August 16, September 20, October 18, November 15, and December 20. Meetings are held at 9:00 a.m. at 147 North 870 West.

All meetings are open to the public. Agendas are posted on the city website: cityofhurrivane.com and on the Utah Public Notice website: pnn.utah.gov. Any meeting schedule changes will be posted at these same sites.

EXHIBIT B

GOVERNING DOCUMENT

March 23, 2022

HURRICANE CITY, UTAH

SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2

FOR

GOVERNING DOCUMENT

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LIST OF EXHIBITS

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 and at a tax mill levy no higher than the Maximum Debt Mill Levy for all commercial and residential properties. 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 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. Generally, the Imposition Term in duration even under bankruptcy or other unusual situations. Generally, the cost of Public Improvements that cannot be funded within these parameters are not costs to be paid by the District.

II. DEFINITIONS

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

Affordable Housing Condition: means a requirement, as a precondition for the District's ability to issue bonds as authorized herein, that the developer of the Project must enter into an amendment or addendum to the Project development agreement with the City for a commitment to provide a minimum of one hundred (100) affordable housing units to be developed throughout the combined initial boundaries of the Districts. The Affordable Housing Condition shall be satisfied upon approval of the amendment by the City Council, execution by the parties, and recording of the amendment or addendum with the Washington County Recorder. The terms and conditions of development of such affordable housing units shall be as set forth in the development agreement amendment or addendum. For clarity in relationship to the Districts, this Affordable Housing Condition shall be required before any of the Districts may issue any debt to finance the public improvements described in their related governing document, provided however, that there need only be a minimum total of one hundred (100) affordable housing units to be developed throughout the combined initial boundaries of the Districts to meet this Affordable Housing Condition.

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 or withdrawal from or into one of the Districts upon the meeting of certain requirements.

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

Approved Development Plan: means a Preliminary Development Plan or other process established by the City for identifying, among other things, Public Improvements necessary for facilitating development for property within the District Area as approved by the City pursuant to the City Code and as amended pursuant to the City Code from time to time. For purposes of this Governing Document, the Master Plan / PDO Concept Submittal dated January 14, 2021, as approved by the City on March 4, 2021, shall constitute an Approved Development Plan.

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.

City: means Hurricane City, Utah.

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

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

District: means the Sand Hollow Mesa Public Infrastructure District No. 2.

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

Districts: means collectively, the District, Sand Hollow Mesa Public Infrastructure District No. 1, and Sand Hollow Mesa Public Infrastructure District No. 3, contemplated to be created contemporaneously with one another.

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 depicting the Initial District Boundaries attached hereto as **Exhibit A**, 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 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 the Sand Hollow Mesa Project.

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

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

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

State: means the State of Utah.

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

Trustee: means a member of the Board.

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

III. BOUNDARIES

The area of the Initial District Boundaries includes approximately two hundred fifty-one (251.409) acres and the total area proposed to be included in the Annexation Area Boundaries is approximately nine hundred twenty-nine (929.217) acres and includes all property within the District as well as an additional approximately six hundred seventy-eight (677.801) acres. Maps of the Initial District Boundaries and Annexation Area Boundaries, and legal descriptions of the Initial District Boundaries and the Annexation Area Boundaries are attached hereto together as **Exhibit A**. It is anticipated that the District's boundaries may change from time to time as it undergoes annexations and withdrawals 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 approximately nine hundred twenty-nine (929.217) acres 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. The population of the District Area at build-out is estimated to be approximately 9,000 people.

Approval of this Governing Document by the City does not imply approval of the development of a specific area within the District, nor does it imply approval of the number of residential units or the total site/floor area of commercial or industrial buildings identified in this Governing Document or any of the exhibits attached thereto, unless the same is contained within an Approved Development Plan.

V. DESCRIPTION OF PROPOSED POWERS, IMPROVEMENTS AND SERVICES

A. Powers of the District and Governing Document Amendment.

The District shall have the power and authority to provide the Public Improvements within and without the boundaries of the District as such power and authority is described in the Local District Act, and other applicable statutes, common law and the Constitution, subject to the limitations set forth herein. The satisfaction of the Affordable Housing Condition by the Developer of the Project shall be required before the District may issue Debt to finance the Public Improvements described herein.

1. Improvements. The District shall have authority to provide for the planning, design, acquisition, construction, installation, and dedication to the City or other appropriate public agencies of the Public Improvements within and without the boundaries of the District. Plans for all Public Improvements to be financed must be reviewed and approved by the City and other appropriate public service entity through established review processes prior to commencement of construction. The District is authorized to finance the following improvements (the "Pre-Requisite Improvements"), prioritized as follows, and as generally depicted in or required by the Approved Development Plan:

- (a) *UDOT Approved Interchange*. A UDOT approved and designed interchange at 3700 South Street, including two trails, one 12' and one 5', and two separate bike lanes. Estimated total cost \$9,500,000.
- (b) *Master and Regional Utility Improvements*. Dedication and improvements related to master-planned public utilities within the property and regional improvements to service the property. Estimated total cost \$40,000,000.
- (c) *Master Planned Public Roadways*. All master planned public roadways depicted on the City's most recent master road plan, including sidewalks, shared-use paths/trails, and curb/gutter as required by City standards, as depicted in yellow on the Initial District Boundary Map, and as listed in the Table of Master Planned Roads, attached hereto as **Exhibit A**. Estimated total cost \$41,324,000.
- (d) *Public Safety Building*. Construction by the City of a public safety building to house fire and/or police services located within the Project, in a location and of a design to be approved by the City. When funding for the building is obtained, funds will be provided directly to the City and/or the Hurricane Valley Fire District in return for a commitment that funds will only be used for the purposes authorized herein. The District will notify the City and Hurricane Valley Fire District in advance of the anticipated timing of financing for the public safety building, and if the City and District prefer, will defer financing to be issued later by another of the Districts. Estimated total cost \$5,000,000.
- (e) *Trails and Related Improvements*. 9.2 miles of public trails, trailheads, parking and restrooms with drinking facilities. The main trails connecting the Project to adjacent properties and trail systems would be 12' wide. The locations of public trails to be financed are depicted generally on the Trails Plan map, a copy of which is incorporated into **Exhibit B**. Estimated total cost \$8,440,000.
- (f) *City Parks and Public Open Space*. Dedication and improvement of city parks and open spaces of at least 72 acres of the 279 acres of open space planned for the project. The 72 acres will be of developable land, and 51 of the 72 acres will be improved as active or programmable park spaces (the remaining approximately 21 acres would be passive park space). Conditioned on availability of required permits, one of the city parks will include a public fishing pond. Other improvements to programmable park space will be as proposed by developer and approved by City staff. The locations of public parks and open space to be financed are depicted generally on the Open Space map, a copy of which is incorporated into **Exhibit C**. Estimated total cost \$9,500,000.
- (g) *Secondary Irrigation System*. Dedication and improvements required for a secondary irrigation system that would meet Governor Cox's

proposed water conservation plan to utilize as little water as possible in public spaces throughout the property. Estimated total cost \$10,274,000.

It is anticipated that the Districts together will have the capacity to finance the Pre-Requisite Improvements. **Exhibit D** provides one possible approach to dividing the costs of the Pre-Requisite Improvements between the Districts; however, the final division of costs to be financed between the Districts will be determined by the Boards of the Districts based on final development phasing and bond market conditions.

In the event that the financing capacity of the Districts together, including all property annexed into each District, is not sufficient to fully finance all of the Pre-Requisite Improvements, then the Districts will obtain what financing it can for the Pre-Requisite Improvements, and with said financing will either (a) complete such Pre-Requisite Improvements as can be completed with available financing, as said improvements are prioritized by the City; (b) dedicate the funds obtained by said financing toward the cost of completion of the Pre-Requisite Improvements by the City or other appropriate public utility agency(ies); or (c) some combination of (a) and (b), as agreed by the City.

The Pre-Requisite Improvements may be funded either through issuance of bonds or other sources of funds (such as developer contributions), but must be fully funded before other non-Pre-Requisite Improvements are financed through the Districts.

Any impact fee reimbursements or credits which become available due to the financing of public improvements by the Districts shall be for the benefit of the Districts and not any developer.

In the event that the Pre-Requisite Improvements are fully funded, and additional PID funds are still available, then said funds may be applied to additional Public Improvements approved by the City Council on a case-by-case basis.

2. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate public entity or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. Trails which are interconnected with a city or regional trail system shall be open to the public free of charge and on the same basis as residents and owners of taxable property within the District.

3. Improvements Limitation. Notwithstanding the provisions of Section V.A.1 and 2 above, 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 one of the Districts.

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

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

(b) The City, by resolution and this Governing Document, has consented to the withdrawal of any area within the District Boundaries from the District. Such area may only be withdrawn upon the District obtaining consent of all property owners and registered voters, if any, within the area proposed to be withdrawn and the passage of a resolution of the Board approving such annexation.

(a) The District shall not include within any of its 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 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.

7. Annexation and Withdrawal.

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.

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

6. 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:

5. 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 employed or selected by the District, with the approval of the City, which approval shall not be unreasonably withheld. Prior to awarding any bid for construction of Public Improvements, the intended award shall be reviewed and approved by the City Engineer or his designee. The District recognizes that it may be required to compensate the City for the time of any City employee or contractor required to perform such review.

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. City performance security requirements will be satisfied by depositing funds in a joint escrow account from which withdrawals require City staff approval, or other mechanism as may be reasonably acceptable to

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

(e) Annexation or withdrawal of any area in accordance with V.A.6(a) and (b) shall not constitute an amendment of this Governing Document.

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

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

10. Total Debt Issuance Limitation. The Districts shall not issue Debt in excess of an aggregate amount of One Hundred Sixty Million Dollars (\$160,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by any of the Districts. In addition, the Total Debt Issuance Limitation does not apply to the District's pledge of its property tax revenues to the Debt of one of the other Districts. In the event two or more Districts create an interlocal agency to issue debt, only the par amount issued by such agency shall count against the Total Debt Issuance Limitation rather than the individual amounts pledged by each District.

11. Eminent Domain. In no event shall any 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. 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).

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.

13. Governing Document Amendment Requirement.

(a) This Governing Document has been designed with sufficient flexibility to enable the District to provide required facilities under evolving circumstances without the need for numerous amendments. Actions of the District which violate the limitations set forth in V.A.1-9 above or in VIII.B-G. shall be deemed to be material modifications to this Governing Document and the City shall be entitled to all remedies available under State and local law to enjoy such actions of the District.

(b) Subject to the limitations and exceptions contained herein, this Governing Document may be amended by passage of a resolution 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 Development Plan. An estimate of the costs of the Public Improvements which may be planned for, designed, acquired, constructed, installed, relocated, redeveloped, maintained or financed was prepared based upon a preliminary engineering survey and estimates derived from the zoning on the property in the District Area and is approximately One Hundred Twenty-seven Million Dollars (\$127,000,000).

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 Development Plan. All construction cost estimates are based on the assumption that construction conforms to applicable local, State or Federal requirements.

VI. THE BOARD OF TRUSTEES

A. Board Composition. The Board shall be composed of 3 Trustees who shall be appointed by the 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. Upon incorporation, the District shall estimate the total number of residential units within the District at full buildout of the property within the District (the "Anticipated REs"). Upon any annexation or withdrawal in accordance with this Governing Document, any affected District may adjust its Anticipated REs to reflect such

boundary change. 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 certificates of occupancy being issued for fifty percent (50%) of the Anticipated REs.

2. Trustee 2. Trustee 2 shall transition to an elected seat upon certificates of occupancy being issued for seventy-five percent (75%) of the Anticipated REs.

3. Trustee 3. Trustee 3 shall transition to an elected seat upon certificates of occupancy being issued for ninety percent (90%) of the Anticipated REs.

Notwithstanding the foregoing, any board seats which have not yet transitioned to an elected seat shall transition after twelve (12) years have passed from the date of issuance of a certificate of creation for the District. No transition pursuant to this Section shall become effective until the next scheduled regular election of the District. Registered voters within this Section shall mean voters whose "principal place of residence," as that term is defined under Utah Code 20A-2-105(1)(a), is within the District.

C. Reelection and Reappointment. Upon the expiration of a Trustee's respective term, any seat which has not transitioned to an elected seat shall be appointed by the City Council pursuant to the PID Act and any seat which has transitioned to an elected seat shall be elected pursuant to an election held for such purpose. 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. REGIONAL IMPROVEMENTS

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment and a contribution to the funding of the Regional Improvements and fund the administration and overhead costs related to the provisions of the Regional Improvements. Regional Improvements may include, and may not be limited to, regional and connector roads; water, sewer and other utilities installed in said roads; an interchange at 3700 South Street and the Southern Parkway, and park and trail improvements.

Nothing herein shall prevent the City from financing and completing, or authorizing the finance and completion by another district, of other local or regional improvements not listed above, or approving other mill levies to facilitate the financing of the same.

VIII. FINANCIAL PLAN

A. General

The District shall be authorized to provide for the planning, design, acquisition, construction, installation, relocation and/or redevelopment of the Public Improvements from its revenues and by and through the proceeds of Debt to be issued by the District. The satisfaction of the Affordable Housing Condition by the Developer of the Project shall be required before the District may issue Debt to finance the Public Improvements described herein. 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 and other legally available revenues. The total Debt that the Districts shall be permitted to issue shall not exceed One Hundred Sixty Million Dollars (\$160,000,000) and shall be permitted to be issued on a schedule and in such year or years as the Districts 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. The Total Debt Issuance Limitation shall not apply to the District's pledge of its property tax revenues to the Debt of one of the other Districts. In the event two or more Districts create an interlocal agency to issue debt, only the par amount issued by such agency shall count against the Total Debt Issuance Limitation rather than the individual amounts pledged by each District. 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. 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 in upon the taxable property within the District for payment of Limited Tax Debt, and shall be 0.0045 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. Such Maximum Debt Mill Levy may also be used to pay administrative expenses of the District. Further, the Districts may not impose mill levies which in aggregate exceed 0.0045 per dollar of taxable value of taxable property in the District Area; provided that such levies 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.

(c) It is anticipated that one or more of the Districts may overlap with a portion of the Bench Lake Public Improvement District (“BLPID”) approved by the City, given that the improvements proposed to be financed by the Districts may also benefit part of the area of the BLPID. The District may also overlap with another district or districts approved by the City. The BLPID is forbidden from levying a maximum mill levy in any overlap area which exceeds 0.003, which is the Maximum Debt Mill Levy of the BLPID. The aggregate mill levy of the Districts, the BLPID, and any other overlapping district together shall not in any event be permitted to exceed the Maximum Debt Mill Levy of the District, on any property located within any of the Districts and the BLPID, or the District and any other district.

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 may also rely upon various other revenue sources authorized by law. At the District’s discretion, these may include the power to assess 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 or impact fee. This provision shall not prohibit the division of costs between mill levies 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

1. Boundary changes made or proposed to the District's boundary as of December 31 of the prior year.

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

B. Reporting of Significant Events.

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.

A. General.

IX. ANNUAL REPORT

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 by vote of the City Council.

I. Bond and Disclosure Counsel.

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 administrative operating budget is estimated to be approximately Seventy-five Thousand Dollars (\$75,000) which is anticipated to be borne by developer(s) until such time a reimbursement can be derived from property taxes and other revenues, pursuant to a reimbursement agreement between the District and developers.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the District's organization and initial operations, are anticipated to be Seventy-five Thousand Dollars (\$75,000), which will be eligible for reimbursement from Debt proceeds.

H. District's Operating Costs.

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.

G. Security for Debt.

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.

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 its outstanding indebtedness and other financial obligations as required pursuant to State statutes.

XI. DISCLOSURE TO PURCHASERS

Within thirty (30) days of the City adopting a resolution creating the District, the Board shall record a notice with the recorder of Washington County. Such notice shall contain a description of the boundaries of the District, (b) state that a copy of this Governing Document is on file at the office of the City, (c) state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the Maximum Debt Mill Levy of the District; and (d) if applicable, stating that the debt may convert to general obligation debt and outlining the provisions relating to conversion. Such notice shall further be filled with the City.

In addition, the Applicant and the Board shall ensure that the Applicant, homebuilders, commercial developers, and commercial lessors, as applicable, disclose the following information to initial resident homeowners, renters, commercial property owners, and/or commercial tenants:

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

“Under the maximum property tax rate of the District, for every \$100,000 of taxable value, there would be an **additional annual property tax of \$450** 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.

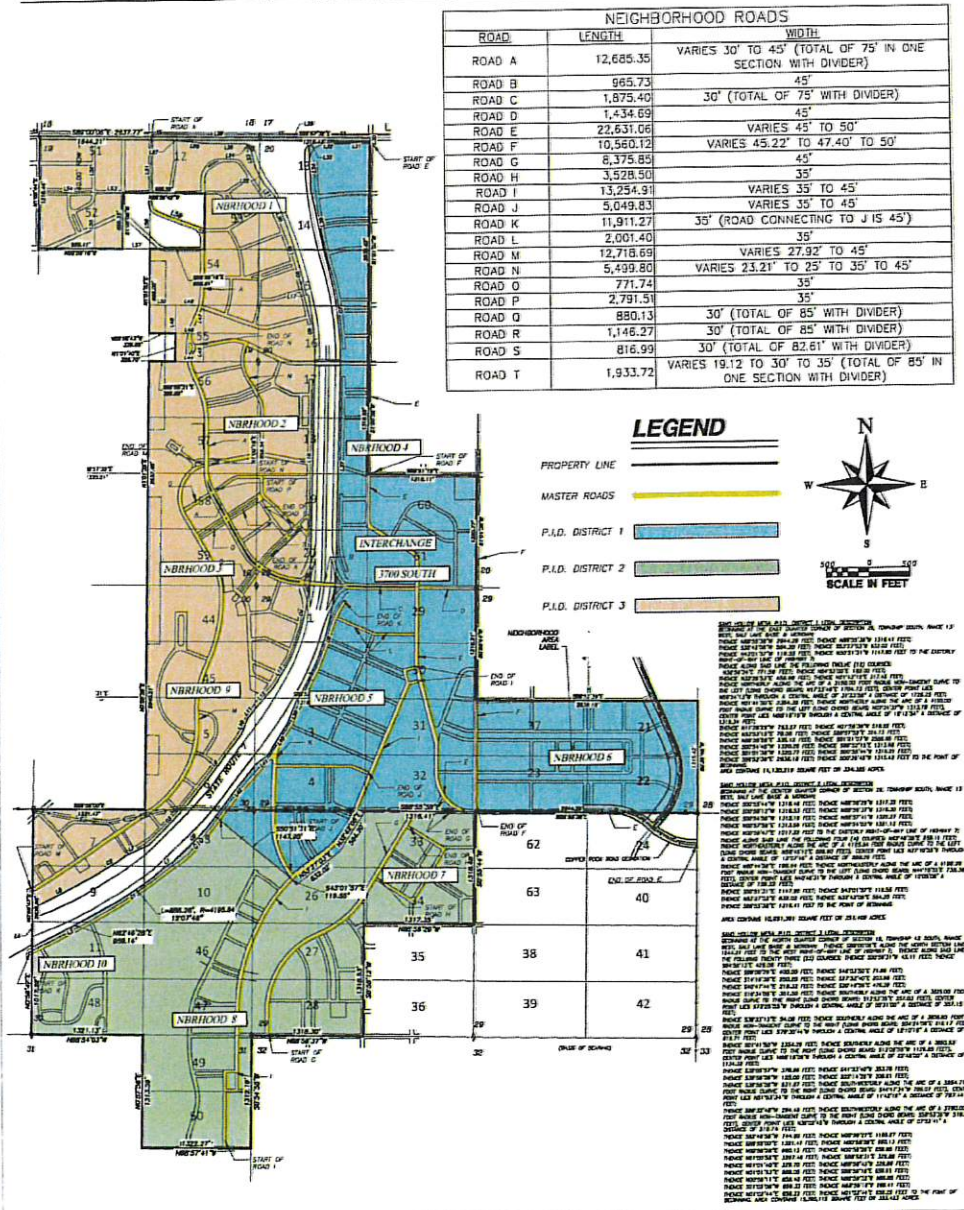
XII. INTERLOCAL AGREEMENT

The form of the Interlocal Agreement required by the City Code, relating to the limitations imposed on the District’s activities, is attached hereto as **Exhibit D**. The District shall approve the Interlocal Agreement in the form attached as **Exhibit D** at its first Board meeting after its 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 D** at the public hearing approving the Governing Document.

EXHIBIT A

Initial District Boundary Map, Annexation Area Boundary Map, Legal Descriptions

SAND HOLLOW MESA P.I.D. MAP



PROVALUE ENGINEERING
 20 SOUTH 850 WEST, #1
 HURRICANE, UT 84737
 Phone: (435) 668-8307

MAP FOR:
THE ROMNEY GROUP
 2765 E. MURRAY HOLLADAY RD.
 HOLLADAY, UT 84117
 Phone: (801) 953-1100
 DATE: 10/22/2021

SAND HOLLOW MESA
 P.I.D. DISTRICTS
 A PART OF SECTIONS 19, 20, 29, 30 & 31, T42S, R13W, 51.1B-47.

AREA CONTAINS 10,951,394 SQUARE FEET OR 251.409 ACRES.

COMMENCING AT THE WEST QUARTER (1/4) CORNER OF SECTION 29, TOWNSHIP
 42 SOUTH, RANGE 13 WEST, SALT LAKE BASE AND MERIDIAN; THENCE
 S88°55'38"E ALONG THE QUARTER (1/4) SECTION LINE OF SAID SECTION 29, 1316.41
 FEET TO THE POINT OF BEGINNING;
 THENCE S88°55'38"E ALONG SAID LINE, 1316.41 FEET TO THE QUARTER (1/4)
 SECTION LINE OF SAID SECTION 29;
 THENCE S00°55'44"W ALONG SAID LINE, 1318.75 FEET TO THE SOUTH SIXTEENTH
 (1/16) SECTION LINE OF SAID SECTION 29;
 THENCE N88°55'47"W ALONG SAID LINE, 1317.36 FEET TO THE WEST SIXTEENTH
 (1/16) SECTION LINE OF SAID SECTION 29; THENCE S00°58'12"W ALONG SAID LINE,
 1318.53 FEET TO THE SOUTH SECTION LINE OF SAID SECTION 29;
 THENCE N88°56'37"W ALONG SAID LINE, 1318.30 FEET TO THE EAST SECTION LINE
 OF SECTION 31, TOWNSHIP 42 SOUTH, RANGE 13 WEST, SALT LAKE BASE AND
 MERIDIAN; THENCE S00°54'56"W ALONG SAID LINE, 1312.19 FEET TO THE NORTH
 SIXTEENTH (1/16) SECTION LINE OF SAID SECTION 31;
 THENCE N88°57'41"W ALONG SAID LINE, 1322.27 FEET TO THE EAST SIXTEENTH
 (1/16) SECTION LINE OF SAID SECTION 31; THENCE N00°57'56"E ALONG SAID LINE,
 1313.59 FEET TO THE SOUTH SECTION LINE OF SECTION 30, TOWNSHIP 42 SOUTH,
 RANGE 13 WEST, SALT LAKE BASE AND MERIDIAN;
 THENCE N88°54'03"W ALONG SAID LINE, 1321.13 FEET TO THE QUARTER (1/4)
 SECTION LINE OF SAID SECTION 30;
 THENCE N00°59'47"E ALONG SAID LINE, 1017.22 FEET TO A POINT ON THE EAST
 BOUNDARY LINE OF SR-7 SOUTHERN PARKWAY;
 THENCE ALONG SAID BOUNDARY LINE THE FOLLOWING FOUR (4) COURSES:
 THENCE N62°49'55"E 959.19 FEET;
 THENCE NORTHWESTERLY ALONG THE ARC OF A 4180.00 FOOT RADIUS CURVE
 TO THE LEFT A DISTANCE OF 888.23 FEET, THROUGH A CENTRAL ANGLE OF
 12°10'30" (LONG CHORD BEARS: N56°44'40"E 886.56 FEET);
 THENCE N60°44'58"E 106.64 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF
 A NON-TANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 4200.00 FEET AND A
 RADIAL BEARING OF N40°46'31"W, A DISTANCE OF 739.32 FEET, THROUGH A
 CENTRAL ANGLE OF 10°05'08" (LONG CHORD BEARS: N44°10'55"E 738.36 FEET);
 THENCE DEPARTING SAID BOUNDARY LINE S50°51'31"E 1147.90 FEET;
 THENCE S43°01'57"E 119.55 FEET; THENCE N53°27'03"E 632.02 FEET;
 THENCE N32°42'08"E 564.20 FEET TO THE POINT OF BEGINNING.

SAND HOLLOW MESA ANNEXATION AREA LEGAL DESCRIPTION

BEGINNING AT THE SOUTHWEST CORNER OF SECTION (THE COMMON CORNER TO SECTIONS 29, 30, 31 & 32), TOWNSHIP 42 SOUTH, RANGE 13 WEST, SALT LAKE BASE AND MERIDIAN; THENCE S00°54'56"W, ALONG THE EAST SECTION LINE OF SECTION 31, 1312.19 FEET TO THE 1/16 CORNER OF SAID SECTION 31; THENCE N88°57'41"W, ALONG THE 1/16TH LINE, 1322.27 FEET TO THE NORTH-SOUTH 1/16TH LINE; THENCE N00°57'56"E, ALONG THE 1/16TH/ LINE, 1313.59 FEET TO THE 1/16TH CORNER ON THE SOUTH SECTION LINE OF SECTION 30; THENCE N88°53'33"W, ALONG THE SOUTH SECTION LINE, 1321.14 FEET TO THE SOUTH 1/4 CORNER OF SECTION 30; THENCE N00°59'47"E, ALONG THE 1/4 SECTION LINE, 2636.98 FEET TO THE CENTER QUARTER CORNER OF SECTION 30; THENCE S88°55'00"E, ALONG THE 1/4 SECTION LINE, 1321.47 FEET TO THE 1/16TH CORNER; THENCE N00°58'28"E, ALONG THE NORTH-SOUTH 1/16TH LINE, 2640.21 FEET TO THE 1/16TH CORNER ON THE SOUTH SECTION LINE OF SECTION 19; THENCE N01°01'32"E, ALONG THE NORTH-SOUTH 1/16TH LINE, 2637.48 FEET TO THE 1/16TH CORNER IN SECTION 19; THENCE S88°58'31"E, ALONG THE 1/4 SECTION LINE, 329.89 FEET; THENCE N01°01'40"E 329.70 FEET; THENCE N88°58'43"W 329.86 FEET TO THE NORTH-SOUTH 1/16TH LINE; THENCE N01°01'53"E, ALONG THE 1/16TH LINE, 989.05 FEET TO THE 1/16TH CORNER; THENCE S88°59'18"E, ALONG THE EAST-WEST 1/16TH LINE, 659.61 FEET; THENCE N01°01'27"E 659.45 FEET; THENCE N88°59'42"W 989.29 FEET; THENCE S01°02'06"W 659.33 FEET TO THE EAST-WEST 1/16TH LINE; THENCE N88°59'18"W, ALONG THE 1/16TH LINE, 989.41 FEET TO THE 1/4 SECTION LINE; THENCE N01°02'44"E, ALONG THE 1/4 SECTION LINE, 1318.43 FEET TO THE NORTH QUARTER CORNER OF SECTION 19; THENCE S89°00'06"E, ALONG THE NORTH SECTION LINE OF SECTION 19, 2637.77 FEET TO THE COMMON CORNER OF SECTION 17, 18, 19, 20 (NORTHEAST CORNER OF SECTION 19); THENCE S88°57'52"E, ALONG THE NORTH SECTION LINE OF SECTION 20, 1316.43 FEET TO THE 1/16TH CORNER; THENCE S01°01'06"W, ALONG THE 1/16TH LINE, 2639.62 FEET; THENCE S01°00'58"W, ALONG THE 1/16TH LINE, 1319.92 FEET TO THE 1/16TH CORNER; THENCE S88°51'19"E, ALONG THE 1/16TH LINE, 1316.11 FEET TO THE 1/4 SECTION LINE OF SECTION 20; THENCE S01°01'38"W, ALONG THE 1/4 SECTION LINE, 1320.77 FEET TO THE SOUTH 1/4 CORNER OF SECTION 20, ALSO THE NORTH 1/4 CORNER OF SECTION 29; THENCE S00°55'44"W, ALONG THE 1/4 SECTION LINE IN SECTION 29, 1318.21 FEET TO THE 1/16TH CORNER; THENCE S88°52'39"E, ALONG THE 1/16TH LINE, 2638.18 FEET TO THE EAST SECTION LINE; THENCE S00°39'45"W, ALONG THE EAST SECTION LINE, 1315.42 FEET TO THE EAST 1/4 CORNER OF SECTION 29; THENCE N88°55'38"W, ALONG THE 1/4 SECTION LINE, 2644.29 FEET TO THE NORTH-SOUTH 1/4 SECTION LINE; THENCE S0°55'44"W, ALONG THE 1/4 SECTION LINE, 1318.48 FEET TO THE 1/16TH LINE; THENCE N88°56'29"W, ALONG THE EAST-WEST 1/16TH LINE, 1317.35 FEET TO THE NORTH-SOUTH 1/16TH LINE; THENCE S0°58'12"W, ALONG THE 1/16TH LINE, 1318.53 FEET TO THE SOUTH SECTION LINE; THENCE N88°56'37"W ALONG SAID LINE, 1318.30 FEET TO THE POINT OF BEGINNING.

AREA CONTAINS 44,450,513 SQUARE FEET OR 1020.443 ACRES.

LEGAL DESCRIPTION INCLUDES 91.24 ACRES FOR THE SR-7 HIGHWAY AND 5.63 ACRES FOR COPPER ROCK PARKWAY AND 2100 WEST ROAD.

LESS AND EXCEPTING THE LEGAL DESCRIPTION FOR SAND HOLLOW MESA PID NO. 2 SET FORTH ABOVE.

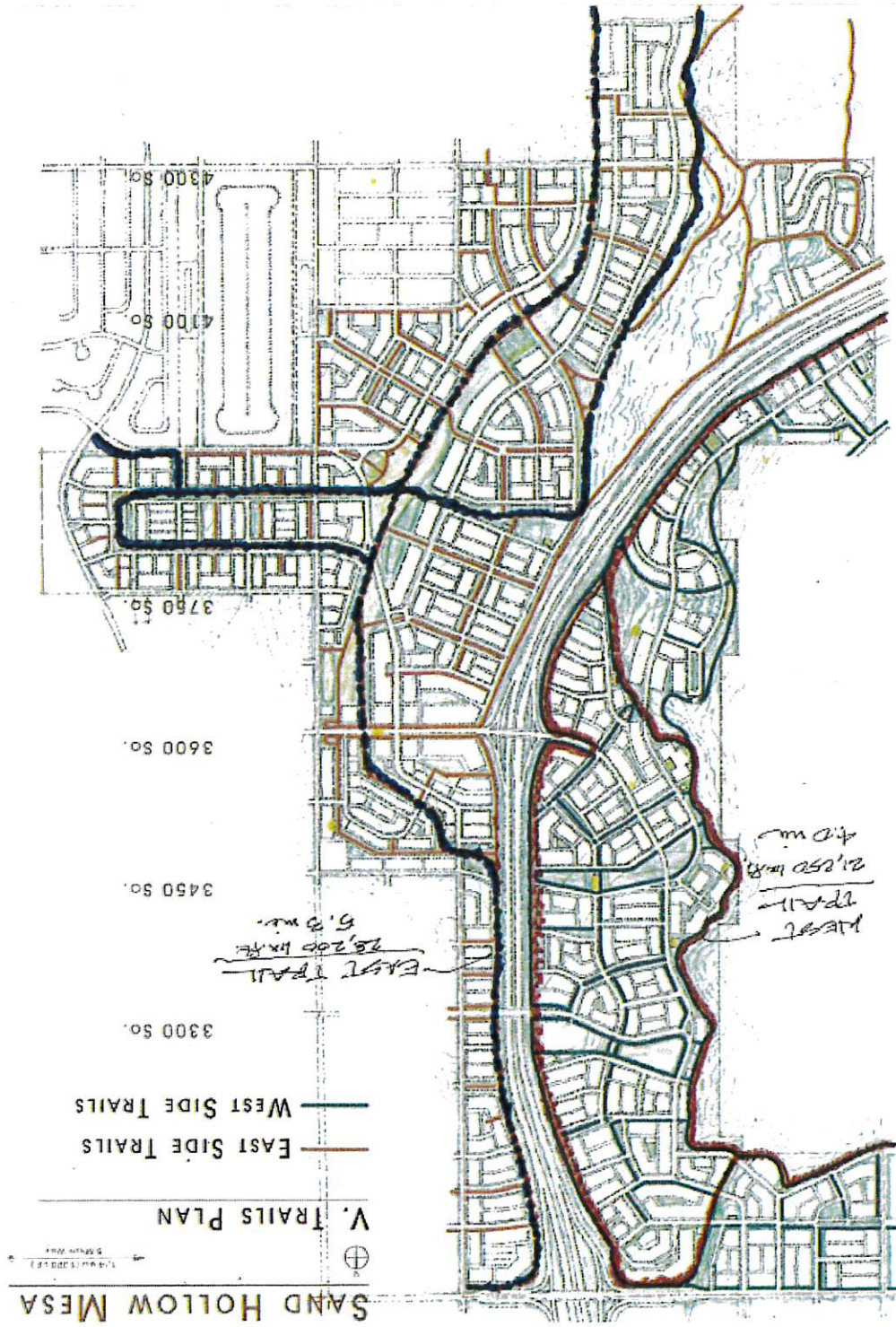


EXHIBIT B
Trails Plan

EXHIBIT C

Open Space Plan



(see following pages)

Proposed Scope of Financing for Each of the Districts

EXHIBIT D

HOLLOW MESA PID DISTRICT #1 ESTIMATE
15-Mar-22

SAND HOLLOW MESA				
PUBLIC IMPROVEMENT DISTRICT #1				
TOTAL ESTIMATE				
ITEM DESCRIPTION	UNIT PRICE Dollars & Cents	QUANTITY	UNITS	ITEM PRICE Dollars & Cents
P.I.D. ITEMS				
UDOT Approved Interchange	\$ 9,500,000.00	1	LS	\$ 9,500,000.00
Public Utilities	\$ 15,750,000.00	1	LS	\$ 15,750,000.00
Master Planned Public Roadways	\$ 15,656,250.00	1	LS	\$ 15,656,250.00
Public Safety Building	\$ 5,000,000.00	1	LS	\$ 5,000,000.00
Eco-Friendly Irrigation System	\$ 3,862,500.00	1	LS	\$ 3,862,500.00
Public Trails and Facilities	\$ 3,168,750.00	1	LS	\$ 3,168,750.00
City Parks & Open Spaces	\$ 3,562,500.00	1	LS	\$ 3,562,500.00
				\$ -
TOTAL of ITEMS 1 THRU 7=				\$ 56,500,000.00
S.H. MESA PID#1 TOTAL	\$ 56,500,000.00			
ENGINEERING, CONST MGMT, AND TESTING	10% INCLUDED			
CONTINGENCY	10% INCLUDED			
GRAND TOTAL	\$ 56,500,000.00			

ITEMS INCLUDED IN THE MASTER PLANNED ROADS

Includes water mains, sewer mains, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN THE 3700 SOUTH INTERCHANGE

Includes overpass bridge, on & off ramps, roadway improvements, utility work, lights, and trail route.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/ open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

ITEMS INCLUDED IN PUBLIC FACILITY

Includes FIRE/POLICE station with site improvements for a new public safety building

ITEMS INCLUDED IN IRRIGATION

Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE MASTER PLANNED ROADS

Includes water mains, sewer mains, storm drain system, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN PUBLIC FACILITY
Includes FIRE/POLICE station with site improvements for a new public safety building

ITEMS INCLUDED IN THE 3700 SOUTH INTERCHANGE

Includes overpass bridge, on & off ramps, roadway improvements, utility work, lights, and trail route.

ITEMS INCLUDED IN IRRIGATION
Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

SAND HOLLOW MESA PID DISTRICT #2 ESTIMATE

Date: 15-Mar-22

SAND HOLLOW MESA					
PUBLIC IMPROVEMENT DISTRICT #2					
TOTAL ESTIMATE					
ITEM No.	ITEM DESCRIPTION	UNIT PRICE Dollars & Cents	QUANTITY	UNITS	ITEM PRICE Dollars & Cents
P.I.D. ITEMS					
1	Public Utilities	\$ 15,750,000.00	1	LS	\$ 15,750,000.00
2	Master Planned Public Roadways	\$ 15,656,250.00	1	LS	\$ 15,656,250.00
3	Eco-Friendly Irrigation System	\$ 3,862,500.00	1	LS	\$ 3,862,500.00
4	Public Trails and Facilities	\$ 3,168,750.00	1	LS	\$ 3,168,750.00
5	City Parks & Open Spaces	\$ 3,562,500.00	1	LS	\$ 3,562,500.00
					\$ -
TOTAL of ITEMS 1 THRU 4=					\$ 42,000,000.00
S.H. MESA PID#2 TOTAL		\$ 42,000,000.00			
ENGINEERING, CONST MGMT, AND TESTING		10% INCLUDED			
CONTINGENCY		10% INCLUDED			
GRAND TOTAL		\$ 42,000,000.00			

ITEMS INCLUDED IN THE MASTER PLANNED ROADS

Includes water mains, sewer mains, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN IRRIGATION

Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/ open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

PID #2 SCOPE:

ITEMS INCLUDED IN THE MASTER PLANNED

ROADS

Includes water mains, sewer mains, storm drain system, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN IRRIGATION

Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/ open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

SAND HOLLOW MESA PID DISTRICT #3 ESTIMATE

Date: 15-Mar-22

SAND HOLLOW MESA					
PUBLIC IMPROVEMENT DISTRICT #3					
TOTAL ESTIMATE					
ITEM No.	ITEM DESCRIPTION	UNIT PRICE Dollars & Cents	QUANTITY	UNITS	ITEM PRICE Dollars & Cents
P.I.D. ITEMS					
1	Public Utilities	\$ 10,500,000.00	1	LS	\$ 10,500,000.00
2	Master Planned Public Roadways	\$ 10,437,500.00	1	LS	\$ 10,437,500.00
3	Eco-Friendly Irrigation System	\$ 2,575,000.00	1	LS	\$ 2,575,000.00
4	Public Trails and Facilities	\$ 2,112,500.00	1	LS	\$ 2,112,500.00
5	City Parks & Open Spaces	\$ 2,375,000.00	1	LS	\$ 2,375,000.00
					\$ -
TOTAL of ITEMS 1 THRU 5=					\$ 28,000,000.00
S.H. MESA PID#3 TOTAL		\$ 28,000,000.00			
ENGINEERING, CONST MGMT, AND TESTING		10% INCLUDED			
CONTINGENCY		10% INCLUDED			
GRAND TOTAL		\$ 28,000,000.00			

ITEMS INCLUDED IN THE MASTER PLANNED ROADS

Includes water mains, sewer mains, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN IRRIGATION

Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/ open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

PID #3 SCOPE:

ITEMS INCLUDED IN THE MASTER PLANNED

ROADS

Includes water mains, sewer mains, storm drain system, power, excavation, base course, asphalt pavement, curb & gutter, sidewalks.

ITEMS INCLUDED IN IRRIGATION

Includes irrigation pipes, connections to deliver future irrigation water.

ITEMS INCLUDED IN THE PARKS

Includes amenities for City parks/ open space improvements that include green fields, trees, xeriscaping, restrooms and parking lots for users of the trails and parks.

ITEMS INCLUDED IN THE TRAILS

Includes pavement, utilities and amenities for City trail improvements to the City recommended 12 foot wide trail system that will be throughout Sand Hollow Mesa and tie into adjacent trails that lead to Sand Hollow State Park.

EXHIBIT E

INTERLOCAL AGREEMENT BETWEEN

HURRICANE CITY, UTAH AND

SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2

THIS AGREEMENT is made and entered into as of this ___ day of _____, _____, by and between HURRICANE CITY, a home-rule municipal corporation of the State of Utah (“City”), and SAND HOLLOW MESA PUBLIC INFRASTRUCTURE DISTRICT NO. 2, 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 March 3, 2022 (“Governing Document”); and

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

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

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

COVENANTS AND AGREEMENTS

1. Operations and Maintenance. The District shall dedicate the Public Improvements (as defined in the Governing Document) to the City or other appropriate jurisdiction in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own Public Improvements not otherwise required to be dedicated to the City or other public entity, and all necessary equipment and appurtenances incident thereto. 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. 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 one of the Districts.

Construction Standards. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of

6. Initial Debt. On or before the effective date of approval by the City of an Approved Development Plan and satisfaction of the Affordable Housing Condition (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.

5. Overlap Limitation. It is anticipated that one or more of the Districts may overlap with a portion of the Bench Lake Public Improvement District ("BLPID") approved by the City, given that the improvements proposed to be financed by the Districts may also benefit part of the area of the BLPID. The BLPID is forbidden from levying a maximum mill levy in the overlap area which exceeds 0.003, which is the Maximum Debt Mill Levy of the BLPID. The aggregate mill levy of the Districts and the BLPID together shall not in any event be permitted to exceed the Maximum Debt Mill Levy of the District, on any property located within any of the Districts and the BLPID. The Districts shall not, without the prior authorization of the City Council, 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 Districts.

4. Inclusion Limitation. The District shall not include within any of their boundaries any property outside the District Area without the prior written consent of the City. By the Governing Document, the City has consented to the annexation or withdrawal of any area within the Annexation Area into or from the District Boundaries. The District shall not include within any of its boundaries any property inside the inclusion area boundaries without the prior written consent of the City except upon petition of the surface property owners of 100 percent of such property and/or 100 percent of registered voters within the area to be included, as applicable, as provided in Section 17D-4-201(3), Utah Code.

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.

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

3. 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:

of the bonds issued by the District.

City documentation evidencing the funds available to the District for such infrastructure as a result of the bonds issued by the District.

City requirements for guaranty of performance of infrastructure completion by delivering to the City approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work. The District may satisfy any City's approval of civil engineering plans and will obtain applicable permits for construction and other governmental entities having proper jurisdiction, as applicable. The District will obtain the City requirements for guaranty of performance of infrastructure completion by delivering to the City documentation evidencing the funds available to the District for such infrastructure as a result

7. Total Debt Issuance. The Districts shall not issue Debt in excess of an aggregate amount of One Hundred Sixty Million Dollars (\$160,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by any of the Districts. In addition, the Total Debt Issuance Limitation does not apply to the District's pledge of its property tax revenues to the Debt of one of the other Districts. In the event two or more Districts create an interlocal agency to issue debt, only the par amount issued by such agency shall count against the Total Debt Issuance Limitation rather than the individual amounts pledged by each District.

8. 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.

9. 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.

10. Disclosure to Purchasers. Within thirty (30) days of the City adopting a resolution creating the District, the Board shall record a notice with the recorder of Washington 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. Such notice shall further be filled with the City.

In addition, the Applicant and the Board shall ensure that the Applicant, homebuilders, commercial developers, and commercial lessors, as applicable, disclose the following information to initial resident homeowners, renters, commercial property owners, and/or commercial tenants:

15. 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)

(c) Any other mill levy imposed by any other district with the authorization of the City shall not be applied toward the calculation of the Maximum Debt Mill Levy.

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

(a) The "Maximum Debt Mill Levy" shall be the maximum mill levy the District is permitted to impose upon the taxable property within the District for payment of Limited Tax Debt shall be 0.0045 per dollar of taxable property in the District; provided that such Levy shall be subject to adjustment as provided in Section 17D-4-301(8). Such Maximum Debt Mill Levy may also be used to pay administrative expenses of the District. Further, the Districts may not impose mill levies which aggregate in excess of 0.0045 per dollar of taxable value of taxable property in the District; provided that such levies shall be subject to adjustment as provided in Section 17D-4-301(8), Utah Code.

14. Maximum Debt Mill Levy.

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

12. 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.

11. 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.

(c) 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.

"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 \$450 for the duration of the District's Bonds."

(b) A disclosure outlining the impact of any applicable property tax, in substantially the following form:
(a) All of the information in the first paragraph of 11 of this Agreement;

years from the first date of imposition of the mill levy for such bond (the "Maximum Debt Mill Levy Imposition Term").

16. 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: Sand Hollow Mesa Public Infrastructure District
No. 2
c/o Snow Jensen & Reece, PC
912 West 1600 South, Ste. B200
St. George, UT 84770
Attn: Matthew J. Ence
Phone: (435) 628-3688

To the City: Hurricane City
147 N 870 W
Hurricane, UT 84737
Attn: City Manager
Phone: (435) 635-2811

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.

17. 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.

18. 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.

19. 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.

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

- 21. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Utah.
- 22. 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.
- 23. 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.
- 24. 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.
- 25. 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.
- 26. 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.
- 27. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.
- 28. 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]

SAND HOLLOW MESA PUBLIC
INFRASTRUCTURE DISTRICT NO. 2

By: _____
President

Attest:

Secretary

APPROVED AS TO FORM: _____



HURRICANE CITY, UTAH

By: Nanette Ballinger
Hurricane Mayor

Attest:

By: Cindy Peters
Its: Recorder

APPROVED AS TO FORM: Ann Wink

