

NEW ISSUE
BOOK-ENTRY ONLY

Rating: S&P: "A-"
See "BOND RATING" herein

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Agency, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" in this Official Statement.

UTAH INFRASTRUCTURE AGENCY
\$2,550,000
TELECOMMUNICATIONS, ELECTRIC UTILITY AND SALES TAX REVENUE BONDS
(MORGAN CITY PROJECT),
SERIES 2019

Dated: Date of Initial Delivery

Due: October 1, as shown on the inside cover page

The Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series 2019 (the "Series 2019 Bonds") of the Utah Infrastructure Agency (the "Agency"), will be issued in fully-registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2019 Bonds. Purchasers of the Series 2019 Bonds will not receive certificates representing their interests in the Series 2019 Bonds purchased. Ownership by the beneficial owners of the Series 2019 Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Series 2019 Bonds will be made by Zions Bancorporation, National Association, Salt Lake City, Utah, as trustee (the "Trustee"), to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Series 2019 Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Series 2019 Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Series 2019 Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Series 2019 Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Series 2019 Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semiannually on each April 1 and October 1, commencing October 1, 2019.

The Series 2019 Bonds are subject to redemption as described herein. See "THE SERIES 2019 BONDS—Redemption" herein.

Proceeds from the sale of the Series 2019 Bonds will be used to (i) finance the acquisition, construction, and installation of advanced communications lines and related improvements and facilities as part of a fiber optic advanced communications network located in Morgan City, Utah (the "City"); (ii) fund capitalized interest on the Series 2019 Bonds; and (iii) pay the costs of issuance of the Series 2019 Bonds. See "SOURCES AND USES OF FUNDS." The principal of and interest on the Series 2019 Bonds are payable from and secured by amounts payable pursuant to a Fiber Communications Service and Acquisition Contract, dated as of January 2, 2019 (the "Service Contract"), between the Agency and the City, which amounts are ultimately secured by Allocated Electrical Fee and Sales Tax Revenues (as defined herein) of the City. See "SECURITY FOR THE SERIES 2019 BONDS" and "MORGAN CITY."

The Series 2019 Bonds are special limited obligations of the Agency payable from Revenues derived from amounts payable under the Service Contract and certain other funds pledged under the Indenture (as defined herein). The primary and expected source of payments under the Service Contract is Service Revenues attributable to the City Network (each as defined herein). Amounts payable under the Service Contract are ultimately secured by Allocated Electrical Fee and Sales Tax Revenues. The Series 2019 Bonds are not a general obligation of the Agency, the City, any member of the Agency, the State of Utah (the "State"), or any agency, instrumentality or political subdivision of the State. Neither the faith and credit nor the ad valorem taxing power of the City, any member of the Agency, the State, or any agency, instrumentality or political subdivision of the State will be assigned or pledged for payment of the Series 2019 Bonds. The Agency has no taxing power. The Indenture does not pledge any properties of the City Network (as defined herein) or other assets of the UIA Network (as defined herein), and the Agency will not otherwise mortgage or grant a security interest in the City Network or other assets of the UIA Network to secure payment of the Series 2019 Bonds. The Agency has no taxing power. See "RISK FACTORS" herein.

The Series 2019 Bonds are offered when, as, and if issued and received by the Underwriter, subject to the approval of their legality by Gilmore & Bell, P.C, Salt Lake City, Utah, Bond Counsel to the Agency. Certain legal matters will be passed on for the Agency by its general counsel, Joshua Chandler. Certain legal matters will be passed upon for the City by its counsel, Gary Crane, and for the Underwriter by its counsel, Chapman and Cutler LLP, Salt Lake City, Utah. Lewis Young Robertson & Birmingham, Inc., Salt Lake City, Utah, has acted as municipal advisor to the Agency in connection with the issuance of the Series 2019 Bonds. It is expected that the Series 2019 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about April 16, 2019.

This Official Statement is dated April 9, 2019, and the information contained herein speaks only as of that date.



UTAH INFRASTRUCTURE AGENCY

\$2,550,000

**TELECOMMUNICATIONS, ELECTRIC UTILITY AND SALES TAX REVENUE BONDS
(MORGAN CITY PROJECT),
SERIES 2019**

MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS

<u>Due (October 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.*</u>
2022	\$65,000	5.00%	2.41%	91746C AA9
2023	70,000	5.00	2.46	91746C AB7
2024	75,000	5.00	2.53	91746C AC5
2025	80,000	5.00	2.57	91746C AD3
2026	80,000	5.00	2.61	91746C AE1
2027	85,000	5.00	2.67	91746C AF8
2028	90,000	5.00	2.77	91746C AG6
2029	95,000	5.00	2.87	91746C AH4

\$530,000 3.375% Term Bond Maturing on October 1, 2034; Yield: 3.48%; CUSIP* 91746C AJ0

\$1,380,000 3.750% Term Bond Maturing on October 1, 2044; Yield: 3.85%; CUSIP* 91746C AK7

* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Series 2019 Bonds.

No dealer, broker, salesman or other person has been authorized by the Agency, the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein, and if given or made, such other information or representations must not be relied upon as statements having been authorized by the Agency, the City, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2019 Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the Agency or the City is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the Agency, the City, or other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date of this Official Statement.

This Official Statement should be considered in its entirety, and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein, and the subject matter thereof.

Any statements made in this Official Statement, including the appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Agency's beliefs as well as assumptions made by, and information currently available to, the Agency. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Agency from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein and is "deemed final" by the Agency as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to such Rule.

In connection with the offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the securities offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

These Series 2019 Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

UTAH INFRASTRUCTURE AGENCY

5858 South 900 East
Murray, Utah 84121

GOVERNING BOARD

NAME	MEMBER REPRESENTED	OFFICE⁽¹⁾
Alex Jensen	Layton City	Chair
Jason Roberts	Brigham City	First Vice Chair
Sam Lentz	City of Orem	Third Vice Chair
Jeff Acerson	Lindon City	Director
Bryce Haderlie	Midvale City	Director
Paul Isaac	West Valley City	Director
Clark Wilkinson	Centerville City	Director

ADMINISTRATIVE STAFF

Roger Timmerman	Chief Executive Officer
Laurie Harvey	Secretary/Treasurer

TRUSTEE, PAYING AGENT AND REGISTRAR

Zions Bancorporation, National Association
One South Main Street, Suite 1200
Salt Lake City, Utah 84133

MUNICIPAL ADVISOR

Lewis Young Robertson &
Birmingham, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101

COUNSEL TO THE AGENCY

Josh Chandler
5858 South 900 East
Murray, Utah 84121

BOND COUNSEL

Gilmore & Bell, P.C.
15 West South Temple, Suite 1450
Salt Lake City, Utah 84101

UNDERWRITER

KeyBanc Capital Markets Inc.
227 West Monroe, Suite 1700
Chicago, Illinois 60606

UNDERWRITER'S COUNSEL

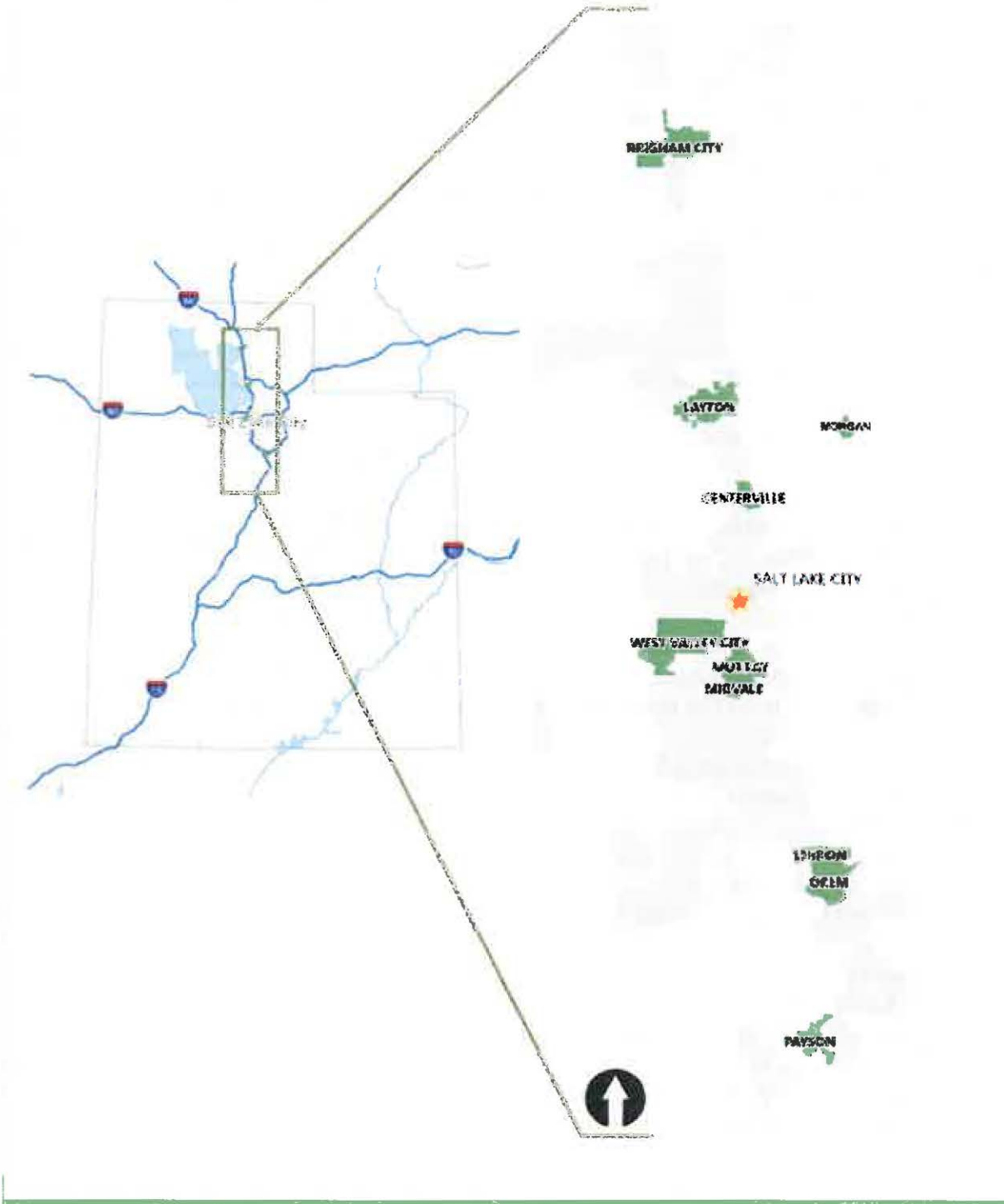
Chapman and Cutler LLP
215 South State Street, Suite 800
Salt Lake City, Utah 84111

COUNSEL TO THE CITY

Gary Crane
437 N. Wasatch Drive
Layton, Utah 84041

(1) The positions of Second Vice Chair and Fourth Vice Chair and one of the other Director positions are currently vacant.

THE MEMBER CITIES OF THE UTAH INFRASTRUCTURE AGENCY⁽¹⁾



(1) The Agency members, shown for reference only, are in bold; Salt Lake City is not a Member of the Agency. Morgan City is not a member of the Agency.

TABLE OF CONTENTS

	PAGE
INTRODUCTION	1
The Agency	1
Authority and Purpose of the Series 2019 Bonds.....	2
Security for the Series 2019 Bonds	3
No Debt Service Reserve for the Series 2019 Bonds	4
Redemption	4
Tax Matters.....	4
Contact Information	4
THE SERIES 2019 BONDS	5
General	5
Registration, Transfer and Exchange	6
Redemption	6
Book-Entry-Only System	9
THE 2019 PROJECT	11
SOURCES AND USES OF FUNDS.....	12
DEBT SERVICE ON THE SERIES 2019 BONDS	13
SECURITY FOR THE SERIES 2019 BONDS	13
Pledge of the Indenture.....	13
Flow of Funds.....	14
The Service Contract	16
Projected Service Revenues	20
Historical Electrical Fee and Sales and Use Tax Revenues of the City	20
Additional Bonds.....	21
No Debt Service Reserve for the Series 2019 Bonds	21
Outstanding Agency Bonds	21
MORGAN CITY	21
General	21
Electrical Fee Revenues	22
Sales and Use Tax Revenues.....	26
THE AGENCY	27
General	27
Addition/Withdrawal/Dissolution	30
Outstanding Obligations of the Agency	30
No Defaulted Bonds	31
Management Discussion and Analysis.....	31
Financial Summaries and Budget.....	33
THE UIA NETWORK.....	35
General	35
The UTOPIA Network	37
Intersection of the UIA Network and Utopia Network	37
RISK FACTORS	40
Revenue Limitations.....	40

Construction, Expansion and Operation of the City Network and other Facilities of the UIA Network	41
Completion	41
Destruction of the Network	42
Reliance on UTOPIA	42
Cybersecurity	44
Future Changes in Laws	44
Limited Remedies	44
Withdrawal or Change of Bond Rating	44
Secondary Market for the Bonds	45
Continuing Disclosure	45
Suitability of Investments	45
Factors Relating to Tax Exemption	45
CONTINUING DISCLOSURE	46
LEGAL MATTERS	46
Absence of Litigation	46
General	47
TAX MATTERS	47
Opinion of Bond Counsel	48
Other Tax Consequences	48
BOND RATING	50
FINANCIAL STATEMENTS	50
MUNICIPAL ADVISOR	50
UNDERWRITING	50
MISCELLANEOUS	51
Related Parties	51
Additional Information	51
APPENDIX A — AUDITED FINANCIAL STATEMENTS OF THE UTAH INFRASTRUCTURE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2018	A-1
APPENDIX B — FORM OF THE INDENTURE	B-1
APPENDIX C — FORM OF THE SERVICE CONTRACT	C-1
APPENDIX D — FORM OF OPINION OF BOND COUNSEL	D-1
APPENDIX E — FORM OF CONTINUING DISCLOSURE UNDERTAKING	E-1

[THIS PAGE INTENTIONALLY LEFT BLANK]

UTAH INFRASTRUCTURE AGENCY

\$2,550,000

**TELECOMMUNICATIONS, ELECTRIC UTILITY AND SALES TAX REVENUE BONDS
(MORGAN CITY PROJECT),
SERIES 2019**

INTRODUCTION

This Official Statement, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the Utah Infrastructure Agency (“*UIA*” or the “*Agency*”) of its \$2,550,000 Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series 2019 (the “*Series 2019 Bonds*”).

The information in this Introduction is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed a determination of relevance, materiality or relative importance, and this Official Statement, including the appendices, should be read in its entirety. The offering of the Series 2019 Bonds to potential investors is made only by means of this entire Official Statement.

Certain capitalized terms used in this Official Statement, unless otherwise defined in this Official Statement, have the meanings set forth in “APPENDIX B—FORM OF THE INDENTURE,” and and “APPENDIX C—FORM OF THE SERVICE CONTRACT.”

This Official Statement contains “forward-looking statements” that are based upon the Agency’s current expectations and its projections about future events. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect,” “scheduled,” “pro-forma” and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that may be outside the control of the Agency. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the Agency nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE AGENCY

The Agency is a political subdivision of the State of Utah (the “*State*”), and was created in 2010 pursuant to the Utah Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “*Interlocal Cooperation Act*”), and the Second Amended and Restated Interlocal Cooperative Agreement of the Utah Infrastructure Agency originally dated as of June 7, 2010, and amended and restated as of November 1, 2010 (the “*Interlocal Agreement*”), among Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, City of Orem, Payson City and West Valley City (each a “*Member*” and collectively, the “*Members*”). Pursuant to the Interlocal Cooperation Act and the Interlocal Agreement, the Members organized the Agency to provide for the acquisition, construction and installation of advanced

communication lines together with related improvements and facilities (the “*UIA Network*”) for the purpose of connecting properties within the Members to the UIA Network, all of which will directly or indirectly benefit each of the Members. See “THE AGENCY” herein for more detailed information about the Agency, including management and financial information.

The UIA Network is a fiber optic network enabling high-speed broadband services, such as voice, video and data access. The physical assets of the UIA Network include fiber optic lines, transmitters, power sources and backups, switches and access portals. The UIA Network operates under an open access model which allows qualified service providers to provide voice, video and data services to serve customers within the reach of the UIA Network. See “THE UIA NETWORK” herein.

The operations of the UIA Network are dependent on its connection to, and the continued operations of, the fiber optic network (the “*UTOPIA Network*”) of the Utah Telecommunication Open Infrastructure Agency (“*UTOPIA*”), as the UTOPIA Network provides critical infrastructure necessary for the operations of the UIA Network. The UIA Network is connected to the UTOPIA Network pursuant to an Indefeasible Right of Use Agreement, dated May 1, 2011, as amended and supplemented (the “*IRU Agreement*”), which grants to the Agency an indefeasible right of use (the “*IRU*”) that provides the Agency access to certain facilities of and capacity in the UTOPIA Network through at least April 30, 2042. The Agency currently has only two employees, a Chief Executive Officer and a Secretary/Treasurer, both of whom are also UTOPIA employees and have their salaries paid by UTOPIA. The Agency has engaged UTOPIA for the management of various services for certain portions of the UIA Network, including planning and pre-construction management services to build the UIA Network and administration, operations management and service provider management related to the UIA Network, all pursuant to an Interlocal Cooperative Agreement for Services, dated July 29, 2010, as amended and supplemented (the “*UTOPIA Service Agreement*”). The continued operations of the Agency and the UIA Network are heavily reliant on the continued operations of UTOPIA and the UTOPIA Network. See “THE NETWORK” and “RISK FACTORS” herein.

AUTHORITY AND PURPOSE OF THE SERIES 2019 BONDS

The Series 2019 Bonds are being issued pursuant to (i) the Interlocal Cooperation Act; (ii) a General Indenture of Trust dated as of April 1, 2019 (the “*General Indenture*”), between the Agency and Zions Bancorporation, National Association, as trustee (the “*Trustee*”); (iii) a First Supplemental Indenture of Trust dated as of April 1, 2019 (the “*First Supplemental Indenture*”) and together with the General Indenture, the “*Indenture*”), between the Agency and the Trustee; and (iv) an authorizing resolution adopted on January 22, 2019 (the “*Resolution*”) by the governing board of the Agency (the “*Board*”).

The proceeds of the Series 2019 Bonds will be used to (i) finance the acquisition, construction, and installation of advanced communication lines, equipment, and related improvements and facilities, as part of an advanced fiber optic communications network located within Morgan City, Utah (the “*City*”) and permitting residents of the City to connect to the UIA Network (as further described below, the “*2019 Project*” or the “*City Network*”); (ii) provide

capitalized interest with respect to the Series 2019 Bonds; and (iii) pay costs of issuance of the Series 2019 Bonds. See “THE 2019 PROJECT” and “SOURCES AND USES OF FUNDS” herein.

SECURITY FOR THE SERIES 2019 BONDS

The principal of and interest on the Series 2019 Bonds are payable from and secured by the revenues pledged under the Indenture (the “*Revenues*”), which include all revenues, fees, income, rents, and receipts received or earned by the Agency pursuant to the Fiber Communications Service and Acquisition Contract, dated as of January 2, 2019, between the Agency and the City (the “*Service Contract*”), including, Hook-up Lease Revenues and City Fees and, in the event of a shortfall in Service Revenues, any advance of Allocated Electrical Fee and Sales Tax Revenues (as defined below).

The primary and expected source of payments under the Service Contract is Service Revenues attributable to the City Network. “*Service Revenues*” consist primarily of Hook-up Lease Revenues and City Fees (each defined below). Amounts due to the Agency from the City under the Service Contract are ultimately secured by revenues received from (i) the collection by the City of revenues derived from the provision of electric services in a maximum annual amount of \$90,360 (the “*Allocated Electrical Fee Revenues*”), and (ii) the levy by the City of sales taxes in a maximum annual amount of \$90,360 (the “*Allocated Sales Tax Revenues*” and, collectively with the Allocated Electrical Fee Revenues, the “*Allocated Electrical Fee and Sales Tax Revenues*”). The City has pledged its Allocated Electrical Fee and Sales Tax Revenues in the event and to the extent there is a shortfall in the Service Revenues available to pay debt service on the Series 2019 Bonds. See “SECURITY FOR THE SERIES 2019 BONDS—The Service Contract” below.

The maximum annual (fiscal year) debt service on the Series 2019 Bonds is \$169,138. The total electric utility system revenues (from which Allocated Electrical Fee Revenues are derived) received by the City for the fiscal years 2017 and 2018 totaled \$2,104,719 and \$2,084,314, respectively, and the total sales and use tax revenues (from which Allocated Sales Tax Revenues are derived) received by the City for the fiscal years 2017 and 2018 totaled \$740,211 and \$810,980, respectively.

The City has reserved the right under the Service Contract to issue debt of the City payable from Allocated Electrical Fee and Sales Tax Revenues or otherwise pledge such revenues upon compliance with certain debt service coverage requirements. See “SECURITY FOR THE SERIES 2019 BONDS—The Service Contract” and “MORGAN CITY— Allocated Electrical Fee and Sales Tax Revenues.”

The Agency may issue Additional Bonds under the Indenture (the “*Additional Bonds*”) upon the satisfaction of certain conditions set forth in the Indenture. The Additional Bonds will be secured by the Indenture on a parity with the Series 2019 Bonds. The Series 2019 Bonds and the Additional Bonds are sometimes collectively referred to herein as the “*Bonds*.” See “SECURITY FOR THE SERIES 2019 BONDS—Additional Bonds” herein.

The Series 2019 Bonds are not a general obligation of the Agency, the City, any Member of the Agency, the State, or any agency, instrumentality or political subdivision of the State. Neither the faith and credit nor the ad valorem taxing power of the City, any Member, the State, or any agency, instrumentality or political subdivision of the State will be assigned or pledged for payment of the Series 2019 Bonds. The Agency has no taxing power. The Indenture does not pledge any properties of the City Network or other assets of the UIA Network, or any other assets or revenues of the Agency or the City except the Revenues, and the Agency will not otherwise mortgage or grant a security interest in the City Network or other assets of the UIA Network to secure payment of the Series 2019 Bonds.

NO DEBT SERVICE RESERVE FOR THE SERIES 2019 BONDS

There is no debt service reserve fund with respect to the Series 2019 Bonds.

REDEMPTION

The Series 2019 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE SERIES 2019 BONDS–Redemption” below.

TAX MATTERS

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Agency, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2019 Bonds is exempt from State individual income taxes. See “TAX MATTERS” in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2019 Bonds.

CONTACT INFORMATION

The primary contact person for the Agency concerning the Series 2019 Bonds is:

Laurie Harvey
Secretary/Treasurer
Utah Infrastructure Agency
5858 South 900 East
Murray, Utah 84121
(801) 613-3859
e-mail: lharry@utopiafiber.com

Additional requests for information may be directed to the Agency's municipal advisor, as follows:

Laura D. Lewis, Principal
Lewis Young Robertson & Burningham, Inc.
41 North Rio Grande, Suite 101
Salt Lake City, Utah 84101
Telephone: (801) 596-0700
e-mail: laura@lewisyoung.com

THE SERIES 2019 BONDS

GENERAL

The Series 2019 Bonds are dated their initial date of delivery and shall bear interest from such date. Interest on the Series 2019 Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2019. Interest on the Series 2019 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2019 Bonds will be issued as fully-registered bonds, initially in book-entry form, in denominations of \$5,000 and integral multiples thereof.

The Series 2019 Bonds bear interest at the rates and mature in each of the years and principal amounts as set forth on the inside front cover page to this Official Statement.

Principal of and the interest on the Series 2019 Bonds shall be payable in lawful money of the United States of America. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Registrar as provided in the Indenture as the Registered Owner thereof, by check or draft mailed on the Interest Payment Date to the Registered Owner at his or her address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Series 2019 Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account designated by the Registered Owner in written instructions furnished to the Trustee no later than the Regular Record Date for such payment. The interest on the Series 2019 Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of the Series 2019 Bonds is payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee as Paying Agent. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2019 Bond to the extent of the sum or sums so paid.

REGISTRATION, TRANSFER AND EXCHANGE

The Agency will cause books for the registration or transfer of the Bonds to be kept at the principal corporate trust office of the Trustee, and the Agency appoints the Trustee to act as its registrar and transfer agent to keep such books and to make such registration and transfers. Upon surrender for transfer of any Bond at the principal corporate trust office of the Trustee, the Agency will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of authorized denomination for the aggregate principal amount which the Registered Owner is entitled to receive. Bonds of authorized denominations may be exchanged for Bonds of other authorized denominations of the same maturity, series, and interest rate upon request of the Owner thereof.

All Bonds presented for transfer, exchange, or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature reasonably satisfactory to the Trustee, duly executed by the Registered Owner or by his duly authorized attorney.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Agency, evidencing the same debt as the Bonds surrendered, shall be secured by and entitled to all of the security and benefits of the Indenture to the same extent as the Bonds surrendered. No service charge shall be made for any exchange, transfer, or registration of Bonds, but the Agency may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. The Agency and the Trustee shall not be required to transfer or exchange any Bond (a) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (b) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (c) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (d) at any time following the mailing of notice calling such Bond for redemption.

REDEMPTION

Optional Redemption. The Series 2019 Bonds maturing on or after October 1, 2034, are subject to redemption prior to maturity at the option of the Agency in whole or in part on any date on or after October 1, 2029, in such order of maturity as may be designated by the Agency, at the redemption price of 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The Series 2019 Bonds maturing on October 1 of the years 2034 and 2044 are subject to mandatory sinking fund redemption, by lot in such manner as the Trustee may determine, at a price equal to one hundred percent (100%) of the principal amount thereof plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

SERIES 2019 BONDS MATURING ON OCTOBER 1, 2034

YEAR	PRINCIPAL AMOUNT
2030	\$100,000
2031	100,000
2032	105,000
2033	110,000
2034*	115,000

Stated maturity.

SERIES 2019 BONDS MATURING ON OCTOBER 1, 2044

YEAR	PRINCIPAL AMOUNT
2035	\$115,000
2036	120,000
2037	125,000
2038	130,000
2039	135,000
2040	140,000
2041	145,000
2042	150,000
2043	155,000
2044*	165,000

Stated maturity.

Selection of Series 2019 Bonds for Redemption. If fewer than all of the Series 2019 Bonds maturing on October 1, 2034 or 2044, as applicable, are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed will be credited at one hundred percent (100%) of the principal amount thereof by the Trustee against the obligation of the Agency on future mandatory sinking fund redemption dates for the Series 2019 Bonds maturing on October 1, 2034 or 2044, as applicable, in such order as directed by the Agency.

Notice of Redemption. In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as required by the Indenture. Notice of such redemption (i) shall be filed with the Paying Agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days but not more than 60 days prior to the date fixed for redemption. Such notice shall include, among other information specified by the Indenture, the following: (i) the complete official name of the Bonds; (ii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed; (iii) the date of mailing of redemption notices and the redemption date; and (iv) the redemption price.

In addition to the foregoing, further notice of any redemption of Bonds under the Indenture shall be given by the Trustee, simultaneous with the mailed notice to Registered Owners, to the MSRB and all registered securities depositories (as reasonably determined by the Trustee) then in the business of holding substantial amounts of obligations of types comprising the Bonds. Such further notice shall contain the information required for a notice of redemption under the Indenture. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Agency shall not be required to redeem such Bonds. In the event that such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Partial Redemption. In case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Agency shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Agency, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than the minimum denomination of such Series specified in the Indenture or in the related Supplemental indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2019 Bond certificate will be issued for each maturity of each series of the Series 2019 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other

name as may be requested by an authorized representative of DTC. The deposit of Series 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Series 2019 Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Series 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Agency or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Agency or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Agency takes no responsibility for the accuracy thereof.

The Agency will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Series 2019 Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2019 Bonds; or (e) any other action taken by the Securities Depository or any Participant.

THE 2019 PROJECT

The 2019 Project, which is also referred to herein as the City Network, consists of the acquisition, construction, and installation of advanced communication lines, equipment, and related improvements as part of a fiber optic advanced communications network located in the City. The City Network, which will be a component of the UIA Network, will connect to the existing UIA Network. The 2019 Project includes the construction of "last mile" or access-level fiber in defined footprints, lateral infrastructure to commercially zoned areas, "curb to the premises" construction and connection to the UIA Network. The 2019 Project will be undertaken throughout the boundaries of the City. Substantially all assets of the City Network will be owned by the Agency. The Agency has sufficient UIA Network capacity to provide connection services to its Members as well as to the City and other non-Member cities for which UIA Network components may be acquired and constructed by the Agency in the future.

SOURCES AND USES OF FUNDS

The estimated sources and uses of proceeds of the Series 2019 Bonds are shown below:

SOURCES

Principal Amount	\$2,550,000.00
Net Original Issue Premium	<u>67,548.70</u>
Total Sources	<u>\$2,617,548.70</u>

USES

Series 2019 Project	\$2,287,000.00
Capitalized Interest	199,040.10
Costs of Issuance ⁽¹⁾	<u>131,508.60</u>
Total Uses	<u>\$2,617,548.70</u>

⁽¹⁾ Includes Underwriter's discount; legal, municipal advisor, and Trustee fees; and other costs and expenses related to the issuance of the Series 2019 Bonds.

DEBT SERVICE ON THE SERIES 2019 BONDS

The following table shows the debt service requirements for the Series 2019 Bonds:

FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST ⁽¹⁾	TOTAL
2019	\$ -	\$ -	\$ -
2020	-	97,402.60	97,402.60
2021	-	101,637.50	101,637.50
2022	-	101,637.50	101,637.50
2023	65,000	100,012.50	165,012.50
2024	70,000	96,637.50	166,637.50
2025	75,000	93,012.50	168,012.50
2026	80,000	89,137.50	169,137.50
2027	80,000	85,137.50	165,137.50
2028	85,000	81,012.50	166,012.50
2029	90,000	76,637.50	166,637.50
2030	95,000	72,012.50	167,012.50
2031	100,000	67,950.00	167,950.00
2032	100,000	64,575.00	164,575.00
2033	105,000	61,115.63	166,115.63
2034	110,000	57,487.51	167,487.51
2035	115,000	53,690.63	168,690.63
2036	115,000	49,593.75	164,593.75
2037	120,000	45,187.50	165,187.50
2038	125,000	40,593.75	165,593.75
2039	130,000	35,812.50	165,812.50
2040	135,000	30,843.75	165,843.75
2041	140,000	25,687.50	165,687.50
2042	145,000	20,343.75	165,343.75
2043	150,000	14,812.50	164,812.50
2044	155,000	9,093.75	164,093.75
2045	<u>165,000</u>	<u>3,093.75</u>	<u>168,093.75</u>
TOTAL	<u>\$2,550,000</u>	<u>\$1,574,158.87</u>	<u>\$4,124,158.87</u>

⁽¹⁾ Interest on the Series 2019 Bonds through April 1, 2021 will be paid from capitalized interest.

SECURITY FOR THE SERIES 2019 BONDS

PLEDGE OF THE INDENTURE

The Series 2019 Bonds and any Additional Bonds issued pursuant to the Indenture are special limited obligations of the Agency secured equally and ratably by and payable exclusively

from (i) the Revenues and (ii) all moneys in funds and accounts held by the Trustee under the Indenture.

“*Revenues*” include all revenues, fees, income, rents, and receipts received or earned by the Agency pursuant to the Service Contract, including Hook-up Lease Revenues and City Fees and, in the event of a shortfall in Service Revenues, any advance of Allocated Electrical Fee and Sales Tax Revenues (as defined below). Revenues do not include gifts or grants received by the Agency. See “The Service Contract” below.

The amounts payable under the Service Contract are ultimately payable from and secured by Allocated Electrical Fee and Sales Tax Revenues of the City. See “THE SERVICE CONTRACT” and “MORGAN CITY” below.

The Series 2019 Bonds are not a general obligation of the Agency, the City, any Member of the Agency, the State, or any agency, instrumentality or political subdivision of the State. Neither the faith and credit nor the ad valorem taxing power of the City, any Member, the State, or any agency, instrumentality or political subdivision of the State will be assigned or pledged for payment of the Series 2019 Bonds. The Agency has no taxing power. The Indenture does not pledge any properties of the City Network or other assets of the UIA Network or any other assets or revenues of the Agency or the City except the Revenues, and the Agency will not otherwise mortgage or grant a security interest in the City Network or other assets of the UIA Network to secure payment of the Series 2019 Bonds.

To secure the timely payment of the principal of and interest on the Series 2019 Bonds, the Agency has pledged and assigned to the Trustee the Revenues and all moneys in the funds and accounts established by the Indenture. The Indenture establishes a Bond Fund to be held by the Trustee, a Revenue Fund to be held by the Agency, and certain other funds and accounts.

FLOW OF FUNDS

(a) The Indenture provides that all Revenues shall be deposited in the Revenue Fund and accounted for by the Agency separate and apart from all other moneys of the Agency.

(b) So long as any Bonds are Outstanding, as a first charge and lien on the Revenues, the Agency shall, on or before the first Business Day of each month, transfer to the Trustee for deposit into the Bond Fund from the Revenue Fund an amount equal to:

(i) one-sixth of the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the Agency need not transfer from the Revenue fund to pay interest on the Bonds); plus

(ii) one-twelfth of the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds; plus

(iii) one-twelfth of the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date,

the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates. In the event the Agency shall have deposited for any month less than the amounts required pursuant to (i), (ii) or (iii) above, the Trustee shall, within five Business Days of such payment deficiency and unless otherwise cured by the Agency within that period, notify the City of the amount of such deficiency, with a copy of such notice to be sent to the Agency. Further, such notice to the City shall include a demand for payment from the Allocated Electrical Fee and Sales Tax Revenues of the City to the amount of such deficiency, all in accordance with the provisions the Service Contract. Any receipt of Allocated Electrical Fee and Sales Tax Revenues by the Trustee from the City shall be deposited into the Bond Fund and applied pursuant to (i), (ii) and (iii) above.

(c) As a second charge and lien on the Revenues (on a parity basis), the Agency shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required by the Indenture and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided in the Indenture and in any Supplemental Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Agency shall deposit Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to subparagraph (ii) below) of remaining Revenues if less than the amount necessary; and

(ii) Equally and ratably to the accounts of the Reserve Instrument Fund with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Revenues, or a ratable portion (based on the amount to be transferred pursuant to subparagraph (i) above) of the amount so remaining if less than the amount necessary, that is required to be paid on or before the next such monthly transfer or deposit of Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the

Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

(d) As a third charge and lien on the Revenues, the Agency shall cause to be paid from the Revenue Fund from time to time as the Agency shall determine all Operation and Maintenance Expenses as the same become due and payable, and thereupon such expenses shall be promptly paid. "*Operation and Maintenance Expenses*" are defined by the Indenture as all expenses reasonably incurred by the Agency in connection with the operation and maintenance of the City Network, whether incurred by the Agency or paid to any other entity pursuant to contract or otherwise, necessary to keep the City Network in efficient operating condition, including cost of any audits required by the Indenture, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for insurance and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the City Network shall be included.

(e) As a fourth charge and lien on the Revenues, the Agency shall deposit in the Repair and Replacement Fund any amount required by the Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Agency shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Revenues of the City Network after payments required by paragraphs (b), (c) and (d) above have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of paragraph (f) below, this provision is not intended to limit, and does not limit, the right of the Agency to deposit additional moneys in the Repair and Replacement Fund from time to time as the Agency may determine.

(f) Subject to making the foregoing deposits, the Agency may use the balance of the Revenues accounted for in the Revenue Fund for any of the following: (i) redemption of Bonds; (ii) refinancing, refunding, or advance refunding of any Bonds; (iii) any amounts owing from the Agency to the City under the Service Contract; or (iv) for any other lawful purpose.

THE SERVICE CONTRACT

General. Under the Service Contract, the Agency will provide certain wholesale services (the "*Connection Services*") to the City whereby end users in the City (the "*End Users*") have access to improvements installed, operated and maintained by the Agency within the City or specifically undertaken for the benefit of the City through which they may contract with private providers for cable television and telecommunication services (broadband) provided through the City Network. Such improvements will be used to provide Connection Services to End Users within the City. Connection Services also includes the access rights to and capacity in the City Network.

Under the Service Contract, the Agency also agrees to provide for the maintenance and operation of the City Network and will market or cause to be marketed, on behalf of the City, connection and access to the City Network to the residents and businesses of the City. For a more detailed description of the Connection Services, see Exhibit A to the Service Contract attached hereto as “APPENDIX C—FORM OF THE SERVICE CONTRACT.”

Payments received by the Agency from the City under the Service Contract constitute the principal source of the Revenues pledged to the payment of the Series 2019 Bonds under the Indenture.

The Service Contract extends at least to such time as the Series 2019 Bonds and any other obligations payable from amounts under the Service Contract shall have been retired in accordance with their terms.

Operation of the Service Contract. In consideration for the services provided by the Agency to the City under the Service Contract, the City agrees to pay to the Agency an amount equal to the sum of all Capital Costs of the Agency relating to the City Network during each fiscal year or other applicable period (the “*UIA Revenue Requirement*”). As of the date of issuance of the Series 2019 Bonds, the Capital Costs of the Agency relating to the City Network consist solely of debt service on the Series 2019 Bonds.

The Service Contract provides for the Agency to, (i) on behalf of the City, impose and collect fees and charges (the “*Hook-up Lease Revenues*”) generated pursuant to agreements between the City or the Agency and certain End Users that allow such End Users to connect to the UIA Network (the “*Hook-up Leases*”), and (ii) apply the Hook-up Lease Revenues toward the payment of the UIA Revenue Requirement.

Under the Service Contract, the Agency will also apply all City Fees toward the payment of the UIA Revenue Requirement upon receipt of the City Fees. “*City Fees*” are fees paid by the City to the Agency for the provision of Connection Services to City-owned facilities or resources. The City Fees, the Hook-up Lease Revenues, and any Service Fees* are referred to collectively herein as the “*Service Revenues*.”

The City’s payment obligations under the Service Contract as described above are irrevocable, absolute and unconditional and shall not be subject to any reduction, whether by defense, recoupment, counterclaim, set-off, termination, or offset or otherwise, and shall not be conditioned upon the construction, performance or non-performance of the City Network or the Agency. The remedy for non-performance under the Service Contract is limited to mandamus, specific performance or equitable remedy.

* “*Service Fees*” are defined in the Service Contract as fees charged by or on behalf of the City to the End Users of the City Network other than Hook-up Lease Revenues and Pledged Electrical Fee Revenues or Sales Tax Revenues. The City does not currently plan to charge Service Fees.

Except as payable from Allocated Electrical Fee and Sales Tax Revenues, as described below, the City's obligation to make monthly payments under the Service Contract is payable solely from the Service Revenues. Each monthly installment payable by the City to the Agency under the Service Contract is due and payable by the City not later than the fifteenth day of the next succeeding month. If the Service Revenues are not paid in full on or before the close of business on the fifteenth day of the month in which such Service Revenues are due, an interest charge will be made at the rate of 10% per annum. If all or a portion of the Service Revenues remain unpaid after the fifteenth day of the month in which the Service Revenues are due, the Agency may, upon giving 30 days' advance written notice, discontinue Connection Services and other services under the Service Contract to the City unless, and may refuse to resume such services to the City until, the delinquent installment has been paid.

Upon termination of the Service Contract, all Service Revenues will become revenues of, and belong to, the Agency.

Use of Allocated Electrical Fee and Sales Tax Revenues. It is intended that the first source for the payment of the UIA Revenue Requirement will be the Service Revenues. As of the issuance of the Series 2019 Bonds, the UIA Revenue Requirement consists solely of the debt service costs of the Series 2019 Bonds. In the event that the Service Revenues are not sufficient to pay the UIA Revenue Requirement when due, and if the Agency fails to cure such shortfall on behalf of the City, the City has agreed pursuant to the Service Contract to advance to the Agency the City's Allocated Electrical Fee Revenues and Sales Tax Revenues in an amount sufficient to fund the difference between the UIA Revenue Requirement and the Service Revenues (the "Shortfall").

"Allocated Electrical Fee Revenues" means all revenues, fees, and similar charges collected by the City for the provision of electric services through the City's electric enterprise system, in a maximum annual amount of \$90,360 per year. *"Allocated Sales Tax Revenues"* means all sales and use tax revenues that the City collects under Title 59, Chapter 12, Part 2 of Utah Code Annotated 1953, as amended (the "*Local Sales and Use Tax Act*"), up a maximum annual amount of \$90,360 per year.

The Service Contract provides that on or prior to each January 1 and July 1, the Agency will determine: (i) the UIA Revenue Requirement due on the next succeeding March 15 or September 15, as applicable, and (ii) the amount of Service Revenues the Agency reasonably believes will be available for payment of the UIA Revenue Requirement on such March 15 or September 15. In addition, the Agency shall inform the Trustee and the City of any Shortfall and, on or prior to each January 15 or July 15, as applicable, submit a request to the City for Allocated Electrical Fee and Sales Tax Revenues equal to the Shortfall. The City agrees to pay the Shortfall to the Agency no later than the next succeeding March 15 or September 15, as applicable. The Agency covenants to take such other action as it lawfully may take to assure that the City remits to the Agency from Allocated Electrical Fee and Sales Tax Revenues any Shortfall pursuant to the Service Contract.

If for any reason the Agency or the City fails to comply with its obligations relating to any Shortfall under the Service Contract, the Trustee in accordance with the Indenture will, at any time during which a Shortfall exists, submit a request to the City to remit to the Trustee Allocated

Electrical Fee and Sales Tax Revenues equal to the Shortfall. The City agrees to pay the Shortfall to the Trustee no later than the next succeeding March 15 or September 15, as applicable.

The Service Contract permits the City to create or incur additional debt or other obligations secured by a pledge of the City's revenues generated from the City's electrical fees and revenues generated from the City's sales tax on a parity with the pledge created by the Service Contract, so long as the total revenues generated from the City's electrical fees and total revenues generated from the City's sales tax received by the City during the fiscal year immediately preceding the fiscal year in which the additional parity debt or obligation is to be issued or incurred are not less than 150% of the maximum annual debt service in any given fiscal year on the sum of (i) the debt service on the additional parity debt or obligation plus (ii) debt service on any outstanding debt or obligation previously issued or incurred by the City and secured by sales tax revenues or electrical fees, and (iii) the debt service on any obligations issued by the Agency and payable from amounts paid or received under the Service Contract, tested for the period of such additional parity debt or obligation.

All Allocated Electrical Fee and Sales Tax Revenues paid by the City to the Agency under the Service Contract will constitute a loan by the City to the Agency, to be evidenced by a promissory note to be paid by the Agency. The Service Contract provides that the City is entitled to interest on each loan advance at the per annum rate equal to the rate of return at the Utah Public Treasurer's Investment Fund in effect at the time of execution and delivery of the promissory note, unless by agreement of the City and the Agency a lesser interest rate is set forth in the executed promissory note for said loan. The loan obligation incurred by the Agency under the Service Contract will be subordinate and junior to the Agency's other payment obligations, including with respect to the Series 2019 Bonds. Payment obligations represented by a promissory note will survive termination of the Service Contract until paid in full or otherwise extinguished.

During the term of the Service Contract, the City covenants that it will not, unless directed to do so by the State or a court of competent jurisdiction, reduce the rate of the electrical fees or sales taxes from which it derives Allocated Electrical Fee and Sales Tax Revenues.

The maximum annual (fiscal year) debt service on the Series 2019 Bonds is \$169,138. The total Electrical Fee Revenues (from which Allocated Electrical Fee Revenues are derived) received by the City for the fiscal years 2017 and 2018 totaled \$2,104,719 and \$2,084,314, respectively, and the total sales and use tax revenues (from which Allocated Sales Tax Revenues are derived) received by the City for the fiscal years 2017 and 2018 totaled \$740,211 and \$810,980, respectively.

Electrical Fee and Sales Tax Revenue Parity Obligations. The City has no outstanding obligations secured by a pledge of electrical fee revenues or sales tax revenues. The Service Contract permits the City to create or incur additional debt or other obligations secured by a pledge of the City's revenues generated from the City's electrical fees and revenues generated from the City's sales tax on a parity with the pledge created by the Service Contract, as described above.

PROJECTED SERVICE REVENUES

The table below shows, for the fiscal years shown below, the Service Revenues projected to be derived from the Service Contract. The Agency expects to begin providing Connection Services under the Service Contract in August 2019. As discussed above, the City has agreed in the Service Contract to transfer Allocated Electrical Fee and Sales Tax Revenues to the Agency to the extent necessary to fund any Shortfall in Service Revenues.

Fiscal Year Ending June 30	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Projected Service Revenues⁽¹⁾					
Hook-up Lease Revenues	\$-	\$24,800	\$107,300	\$152,800	\$172,100
City Fees	-	<u>7,500</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
Total Projected Service Revenues	\$0	\$37,800	\$117,400	\$160,600	\$180,500
UIA Revenue Requirement⁽²⁾					
Series 2019 Bonds Debt Service*	\$ -0-	\$ -0-	\$ -0-	\$101,638	\$165,013
Remaining Service Revenues	\$0	\$37,800	\$117,400	\$58,962	\$15,487

(1) Although the Service Contract provides that Service Revenues also include Service Fees, if any, the City does not plan to charge Service Fees.

(2) Under the Service Contract, the UIA Revenue Requirement includes Capital Costs of the Agency relating to the City Network, which, as of the issuance of the Series 2019 Bonds, consist solely of debt service on the Series 2019 Bonds.

* Debt service on the Series 2019 Bonds through April 1, 2021 will be paid from capitalized interest.

HISTORICAL ELECTRICAL FEE AND SALES AND USE TAX REVENUES OF THE CITY

As discussed herein, in the event of a Shortfall in the Service Revenues, the City has pledged to lend to the Agency its Allocated Electrical Fee Revenues, which consist of up to a maximum annual amount of \$90,360 of the City's electric utility system revenues, and Allocated Sales Tax Revenues, which consist of up to a maximum annual amount of \$90,360 of the City's sales and use tax revenues. The maximum annual (fiscal year) debt service on the Series 2019 Bonds is \$169,138. The following table shows the City's total electric utility system revenues and sales tax revenues for the years shown:

Fiscal Year Ending June 30	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Electric Utility System Revenues ⁽¹⁾	\$2,019,576	\$2,065,078	\$1,889,913	\$1,821,416	\$2,011,549
Sales and Use Tax Revenues ⁽²⁾	<u>810,980</u>	<u>740,211</u>	<u>691,301</u>	<u>643,174</u>	<u>566,193</u>
Total Electric System and Sales Tax Revenue	<u>\$2,830,556</u>	<u>\$2,805,289</u>	<u>\$2,581,214</u>	<u>\$2,464,590</u>	<u>\$2,577,742</u>
Maximum Debt Service on the Series 2019 Bonds	\$169,138	\$169,138	\$169,138	\$169,138	\$169,138
Ratio of Electric System and Sales and Use Tax Revenue to Maximum Debt Service	16.7	16.6	15.3	14.6	15.2

(1) The maximum annual pledge of Allocated Electrical Fee Revenues under the Service Contract is \$90,360.

(2) The maximum annual pledge of Allocated Sales Tax Revenues under the Service Contract is \$90,360.

ADDITIONAL BONDS

No other indebtedness, bonds or notes of the Agency that are secured by a pledge of the Revenues senior to the pledge of the Revenues for the payment of the Series 2019 Bonds may be issued or incurred by the Agency without the prior written consent of 100% of all Registered Owners of the Outstanding Bonds.

No Additional Bonds or other indebtedness, bonds or notes of the Agency payable on a parity with the Series 2019 Bonds out of Revenues will be issued unless the Allocated Electrical Fee and Allocated Sales Tax Revenues received by the City during the fiscal year immediately preceding the fiscal year in which the Additional Bonds, indebtedness, bonds or notes are to be issued are not less than 100% of the maximum annual debt service in any given fiscal year on the sum of (i) the debt service on the Additional Bonds, indebtedness, bonds or notes of the Agency, plus (ii) debt service on the Series 2019 Bonds and any Additional Bonds or parity indebtedness, bonds or notes of the Agency or the City previously issued and outstanding (and secured by a pledge of the Electrical Fee Revenues or Sales Tax Revenue, plus (iii) the debt service on any obligations issued by the Issuer and payable from amounts paid or received under the Service Contract; tested for the period of such Additional Bonds or parity debt or obligation.

NO DEBT SERVICE RESERVE FOR THE SERIES 2019 BONDS

There is no debt service reserve account in connection with the issuance of the Series 2019 Bonds.

OUTSTANDING AGENCY BONDS

The Agency has previously issued its (i) General Revenue Bonds (the “*General Revenue Bonds*”), which are currently outstanding in the aggregate principal amount of \$96,620,000, and (ii) Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018 (the “*Layton Bonds*”), which are currently outstanding in the aggregate principal amount of \$22,285,000. The Agency’s General Revenue Bonds are payable from and secured, pursuant to a separate indenture, by the revenues due and payable under separate service contracts with the Members and from certain franchise tax revenues of the Members. The Agency’s Layton Bonds are payable from and secured, pursuant to a separate indenture, by the revenues due and payable under a separate service contract with Layton City, including from certain franchise tax revenues of Layton City. See “THE AGENCY—Outstanding Obligations of the Agency” herein.

MORGAN CITY

GENERAL

Morgan City, Utah was incorporated in 1868 and covers an area of approximately 3.2 square miles. According to the U.S. Census Bureau, the City had a 2017 estimated population of 4,249. The City is located in Morgan County, approximately 44 miles northeast of Salt Lake City and approximately 24 miles southeast of Ogden City.

The tables below summarize certain demographic data regarding the City, Morgan County, and the State.

SPECIFIED OWNER-OCCUPIED UNITS

Value	MORGAN CITY		THE STATE	
	Number	Percent	Number	Percent
Under \$50,000	33	3.07%	27,876	4.27%
\$50,000 to \$99,999	17	1.58	20,676	3.16
\$100,000 to \$149,999	51	4.74	73,821	11.30
\$150,000 to \$199,999	226	21.00	118,224	18.09
\$200,000 to \$299,999	463	43.03	198,443	30.37
\$300,000 to \$499,999	273	25.37	155,700	23.83
\$500,000 to \$999,999	13	1.21	49,748	7.61
\$1,000,000 or more	0	0.00	8,941	1.37
Total	1,076	100.00%	653,429	100.00%

(Source: U.S. Census Bureau)

MEDIAN HOUSEHOLD INCOME

Household Income	MORGAN CITY		THE STATE	
	Number	Percent	Number	Percent
Under \$10,000	17	1.32%	41,568	4.43%
\$10,000 to \$14,999	3	0.23	31,462	3.35
\$15,000 to \$24,999	58	4.51	69,801	7.44
\$25,000 to \$34,999	51	3.96	79,338	8.45
\$35,000 to \$49,999	198	15.38	122,029	13.00
\$50,000 to \$74,999	297	23.08	194,204	20.70
\$75,000 to \$99,999	253	19.66	142,832	15.22
\$100,000 to \$149,999	290	22.53	154,368	16.45
\$150,000 to \$199,999	74	5.75	54,469	5.80
\$200,000 or more	46	3.57	48,294	5.15
Total	1,287	100.00%	938,365	100.00%
Median Household Income	\$76,625		\$42,247	

(Source: U.S. Census Bureau)

ELECTRICAL FEE REVENUES

The City owns and operates a municipal electric system. The City's electric utility system was originally constructed in 1933. It includes approximately 27 miles of transmission and distribution lines. There are three employees in the City's electrical department.

The City is a member of Utah Associated Municipal Power Systems (“UAMPS”). The City purchases power from UAMPS by participating in the following UAMPS Projects:

Project/Power Supply Resource	City’s Share of Generating Capacity (kW)
Hunter Project– Coal and steam combine cycle, Emery County, Utah	438
San Juan Project– Coal and steam combine cycle, Farmington New Mexico	500
Intermountain Power Project – Coal and steam combine cycle, Delta Utah	3,420
Colorado River Storage Project (summer)– Hydroelectric, 56 power plants including Hoover Dam	934
Colorado River Storage Project (winter)– Hydroelectric, 56 power plants including Hoover Dam	1,516
PV Wind	5
Horse Butte Wind Project – Wind Farm, Idaho Falls, Idaho	303
Pool and Resource Projects – Projects within UAMPS to buy and sell power between members and on the open market	934

The City reports that it holds all licenses, permits and approvals necessary for the operation of its electric utility.

The following tables presents summary financial and operating information for the City’s electric utility for the fiscal years shown.

MORGAN CITY, UTAH
STATEMENT OF NET POSITION — ELECTRIC FUND*

FISCAL YEAR ENDED JUNE 30

	2018	2017	2016	2015	2014
ASSETS					
Current Assets:					
Cash	\$1,330,818	\$1,537,109	\$1,594,673	\$2,079,331	\$1,756,522
Restricted Cash	21,672	12,673	2,720	47,580	42,990
Accounts Receivable (Net)	179,355	168,128	144,852	145,223	165,766
Inventory	127,346	109,097	94,185	99,126	101,251
Due from Other Funds	736,414	805,401	873,362	940,311	1,006,264
Prepaid Expenses	<u>2,552</u>	<u>2,633</u>	<u>3,190</u>	<u>3,168</u>	<u>1,734</u>
Total Current Assets	<u>2,398,157</u>	<u>2,635,041</u>	<u>2,712,982</u>	<u>3,314,739</u>	<u>3,074,527</u>
Noncurrent Assets:					
Net Pension Asset	-	-	5	27	-
Capital Assets:					
Land	96,794	17,520	17,520	17,520	17,520
Buildings	1,001,943	1,001,943	558,576	41,812	31,812
Utility Systems	3,175,414	2,829,727	2,731,079	2,408,539	2,390,900
Machinery and Equipment	362,577	341,565	341,565	337,633	269,789
Construction in Progress	303,841	-	-	-	-
Less Accumulated Depreciation	<u>(1,595,085)</u>	<u>(1,416,040)</u>	<u>(1,248,369)</u>	<u>(1,104,841)</u>	<u>(967,986)</u>
Total Capital Assets, Net Total Assets	<u>3,345,484</u>	<u>2,774,715</u>	<u>2,400,371</u>	<u>1,700,717</u>	<u>1,742,035</u>
Total Assets	<u>5,743,641</u>	<u>5,409,756</u>	<u>5,113,358</u>	<u>5,015,483</u>	<u>4,816,562</u>
Deferred Outflows of Resources Relating to Pensions					
	<u>104,402</u>	<u>92,703</u>	<u>76,007</u>	<u>24,543</u>	-
Total Assets and Deferred Outflows of Resources	<u>\$5,848,043</u>	<u>\$5,502,459</u>	<u>\$5,189,365</u>	<u>\$5,040,026</u>	<u>\$ -</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 227,976	\$ 104,936	\$ 111,849	\$ 105,477	\$ 94,756
Customer Deposits	16,690	16,240	14,440	13,690	14,880
Total Current Liabilities	<u>244,666</u>	<u>121,176</u>	<u>126,289</u>	<u>119,167</u>	<u>109,636</u>
Noncurrent Liabilities:					
Net Pension Liability	129,453	175,962	153,091	115,597	-
Total Liabilities	<u>374,119</u>	<u>297,138</u>	<u>279,380</u>	<u>234,764</u>	<u>109,636</u>
Deferred inflows of resources:					
Relating to Pensions	<u>80,497</u>	<u>22,312</u>	<u>15,501</u>	<u>14,712</u>	-
Total liabilities and Deferred Inflows of Resources	<u>454,616</u>	<u>319,450</u>	<u>294,881</u>	<u>249,476</u>	<u>109,636</u>
NET POSITION:					
Net Investment in Capital Assets	3,041,642	2,774,714	1,895,614	1,700,717	1,742,035
Restricted for Impact Fees	21,672	12,673	2,720	47,580	42,990
Unrestricted	<u>2,330,113</u>	<u>2,395,622</u>	<u>2,996,150</u>	<u>3,042,253</u>	<u>2,921,901</u>
Total Net Position assets	<u>5,393,427</u>	<u>5,183,009</u>	<u>4,894,484</u>	<u>4,790,550</u>	<u>4,706,926</u>
Total Liabilities and Net Position	<u>\$5,848,043</u>	<u>\$5,502,459</u>	<u>\$5,189,365</u>	<u>\$5,040,026</u>	<u>\$4,816,562</u>

* This summary has not been audited.

MORGAN CITY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION--
ELECTRIC FUND*

FISCAL YEAR ENDED JUNE 30

	2018	2017	2016	2015	2014
OPERATING REVENUES:					
Charges for Services	\$1,984,437	\$1,942,138	\$1,873,048	\$1,799,384	\$1,999,290
Other Operating Revenues	<u>35,139</u>	<u>122,940</u>	<u>16,865</u>	<u>22,032</u>	<u>12,259</u>
Total Operating Revenues	<u>2,019,576</u>	<u>2,065,078</u>	<u>1,889,913</u>	<u>1,821,416</u>	<u>2,011,549</u>
OPERATING EXPENSES:					
Personnel services	448,412	473,205	426,203	398,979	403,688
Purchases water/power/refuse	1,069,297	946,241	935,081	990,419	981,792
Supplies	62,392	146,563	270,740	61,321	87,118
Office Expense	39,246	34,033	28,808	31,144	34,158
Professional Services	47,568	12,720	16,124	16,461	22,938
Miscellaneous	10,588	11,276	17,639	13,426	8,154
Equipment and Maintenance	7,057	13,394	32,745	17,032	28,582
Insurance	10,291	11,090	12,739	11,203	11,862
Depreciation	<u>179,045</u>	<u>167,672</u>	<u>144,425</u>	<u>136,855</u>	<u>126,582</u>
Total Operating Expenses	<u>1,873,896</u>	<u>1,816,194</u>	<u>1,884,504</u>	<u>1,676,840</u>	<u>1,704,874</u>
Operating Income (Loss)	<u>145,680</u>	<u>248,884</u>	<u>5,409</u>	<u>144,576</u>	<u>306,675</u>
Nonoperating Revenues (Expenses)					
Impact Fees	8,736	15,498	19,633	8,136	17,257
Connection Fees	6,758	11,453	39,551	39,588	31,721
Interest Revenue	49,244	12,690	13,841	14,876	15,818
Total Nonoperating Revenues (Expenses)	<u>64,738</u>	<u>39,641</u>	<u>73,025</u>	<u>62,600</u>	<u>64,796</u>
Net Income (Loss) Before Contributions and					
Transfers	<u>210,418</u>	<u>288,525</u>	<u>78,434</u>	<u>207,176</u>	<u>371,471</u>
Capital Contributions	-	-	<u>25,500</u>	-	-
Change in Net Position	210,418	288,525	103,934	207,176	371,471
Total Net Position - Beginning	<u>5,183,009</u>	<u>4,894,484</u>	<u>4,790,550</u>	<u>4,706,926</u>	<u>4,335,455</u>
Prior Year Adjustment - GASB 68	-	-	-	<u>(123,552)</u>	-
Total Net Position - Ending	<u>\$5,393,427</u>	<u>\$5,183,009</u>	<u>\$4,894,484</u>	<u>\$4,790,550</u>	<u>\$4,706,926</u>

* This summary has not been audited.

SALES AND USE TAX REVENUES

The Allocated Sales Tax Revenues pledged in the Service Contract are the sales and use tax revenues that the City collects under the Local Sales and Use Tax Act, up a maximum annual amount of \$90,360.

Under the Local Sales and Use Tax Act, sales taxes are imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. A use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State, or the tangible personal property is stored, used or otherwise consumed in the State.

A sales and use tax due and unpaid constitutes a debt due from the vendor and may be collected, together with interest, penalty, and costs, by appropriate judicial proceeding within three years after the vendor is delinquent. Furthermore, if a sales and use tax is not paid when due and if the vendor has not followed the procedures to object to a notice of deficiency, the Utah State Tax Commission may issue a warrant directed to the sheriff of any county commanding the sheriff to levy upon and sell the real and personal property of a delinquent taxpayer found within such county for the payment of the tax due. The amount of the warrant shall have the force and effect of an execution against all personal property of the delinquent taxpayer and shall become a lien upon the real property of the delinquent taxpayer in the same manner as a judgment duly rendered by any district court.

Local Sales and Use Taxes. The Local Sales and Use Tax Act currently provides that each county, city and town in the State may levy a sales and use tax of up to 1% on the purchase price of taxable goods and services. Although local governments may elect to levy sales and use taxes at rates less than 1%, various provisions of the Local Sales and Use Tax Act encourage them to levy these taxes at the rate of 1%. The legislative intent of the Local Sales and Use Tax Act is to provide the counties, cities and towns of the State with an added source of revenue to assist them in meeting their financial needs and servicing their bonded indebtedness.

The City levies sales and use taxes at the maximum legal rate of 1%.

Sales and use taxes are collected by the Utah State Tax Commission and distributed monthly to each county, city and town. The distributions are based on a formula, which provides that (i) 50% of sales and use tax collections will be distributed based on the percentage of the population of the local government to the total population of all similar local governments in the State and (ii) 50% of sales and use tax collections will be distributed based on the point of sale (the "50/50 Distribution"). The 50/50 Distribution formula and other provisions of the Local Sales and Use Tax Act are subject to legislative changes.

Beginning in Fiscal Year 2014 and ending with Fiscal Year 2016, a local government received the Minimum Tax Revenue Distribution for such fiscal year if for Fiscal Year 2013 the 50/50 Distribution was less than or equal to the product of the Minimum Tax Revenue Distribution and 90% (for Fiscal Years 2014 through 2016 the “Minimum Tax Revenue Distribution” means the greater of the tax revenue distributions received by the local government in Fiscal Year 2001 or Fiscal Year 2005). Beginning in Fiscal Year 2018 and ending with Fiscal Year 2022, a local government shall receive a tax distribution equal to the greater of the 50/50 Distribution or the total amount of tax revenue distributions received by the local government in Fiscal Year 2005.

Largest Sales and Use Tax Payers in the City. In fiscal year 2018, the largest 10 businesses collected approximately 62% of the total sales and use taxes collected in the City, and the largest tax collection by a single business was approximately 17%.

Historical Sales and Use Tax Revenues of the City. For a five-year history of the City’s sales and use tax revenues, see “SECURITY FOR THE SERIES 2019 BONDS–Historical Electrical Fee and Sales and Use Tax Revenues of the City” herein.

THE AGENCY

GENERAL

Creation and purpose. The Agency is a separate legal entity, body politic and corporate, and a political subdivision of the State regularly created, established, organized and existing under and by virtue of the provisions of the Interlocal Agreement, the Interlocal Cooperation Act and the State constitution. The Members include the following Utah municipalities: Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, City of Orem, Payson City and West Valley City. A map showing the location of the Members is provided on page ii of this Official Statement.

Pursuant to the provisions of the Interlocal Cooperation Act, cities may exercise and enjoy jointly with other cities any power, privileges or authority exercised or capable of being exercised by a city. State law permits municipalities to purchase, lease, construct or equip communications facilities that are designed to provide services within the municipality, and that the municipality uses for internal municipal government purposes, or by written contract, leases, sells capacity in or grants other similar rights to a private provider to use the facilities in connection with a private provider offering cable television services or public telecommunications services. The Interlocal Cooperation Act permits cities to make the most efficient use of their power by enabling them to cooperate with other cities on the basis of mutual advantage and thereby to provide services and facilities in a manner and under forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs of development of local communities and will provide the benefit of economy of scale, economic development and utilization of natural resources for the overall promotion of the general welfare of the State.

Corporate and Statutory Powers. Pursuant to the Interlocal Cooperation Act and the Interlocal Agreement, the Agency has the power to: (i) issue bonds, and construct, lease, operate (or cause the same to occur) and own the UIA Network; (ii) enter into contracts with suppliers, contractors, providers and others to facilitate the accomplishment of the purposes listed in (i); (iii) undertake such actions as are necessary or advisable to effectuate its general purpose; (iv) enter into contracts, bond, construct and undertake actions to effectuate such purposes, which may be done in series or phases, as determined by the Board; (v) upgrade and expand the UIA Network as new development occurs within the boundaries of the Member cities and as other municipalities join the Agency; and (vi) engage in such other lawful activity in which an interlocal cooperative may become involved and conduct any and all transactions and activities related thereto.

Organization. The Agency is governed by a nine-member governing board (the “Board”), consisting of representatives appointed from each of the Members. The present Board members are as follows:

NAME	CITY	BOARD ROLE*
Alex Jensen	Layton City	Chair
Jason Roberts	Brigham City	First Vice Chair
Sam Lentz	Orem City	Third Vice Chair
Jeff Acerson	Lindon City	Director
Bryce Haderlie	Midvale City	Director
Paul Isaac	West Valley City	Director
Clark Wilkinson	Centerville City	Director

* The positions of Second Vice Chair and Fourth Vice Chair and one of the other Director positions are currently vacant.

The Board is required to hold at least one regular meeting annually, but may call other meetings as necessary. Each Member is entitled to one vote for each one thousand (1,000) residents, rounded to the nearest one thousand, as determined by the most recent official census or census estimate of the United States Census Bureau or the Utah Population Estimates Committee. There must be a quorum present at each meeting in order to take any action. A quorum consists of the presence of the Board members entitled to cast a majority of the votes, which is not a simple majority of Board members since votes are weighted based on population.

MEMBER	ESTIMATED POPULATION	APPROXIMATE CURRENT VOTING %
West Valley City	136,170	30%
City of Orem	97,839	21
Layton City	76,691	17
Murray City	49,295	11
Midvale City	33,208	7
Payson City	19,892	4
Brigham City	19,182	4
Centerville City	17,657	4
Lindon City	10,968	2

(Source: U.S. Census Bureau; population estimate as of July 1, 2017.)

The Board also elects from among its members a Chair, a First Vice Chair, a Second Vice Chair (currently vacant), a Third Vice Chair and a Fourth Vice Chair (currently vacant). The aforementioned officials serve as the Executive Committee of the Board. The Executive Committee has oversight of the operations of the Agency as delegated by the Board.

The Board appoints a Chief Executive Officer, who, subject to oversight by the Board, has general supervision, management, administration, direction, and control of the business and officers of the Agency and has such other related duties as may be prescribed by the Board. The Chief Executive Officer is authorized to perform any function required of the Agency by the Interlocal Agreement. The day-to-day operations are handled by the Chief Executive Officer. Set forth below is brief biographical information of certain key administrative personnel.

Roger Timmerman, Chief Executive Officer. Mr. Timmerman has served as Chief Executive Officer of the Agency since 2016. He also serves as Executive Director of UTOPIA, a position he has also held since 2016. Prior to joining the Agency and UTOPIA, Mr. Timmerman was Vice President of Engineering for Vivint Wireless, one of the country's largest wireless internet service providers, and helped launch wireless ISP in Utah and Texas. Mr. Timmerman also previously served as the Chief Technology Officer for UTOPIA for five years. He also worked as a Network Engineer for the City of Provo for its iProvo fiber-to-the-home project. After graduation, he worked for the BYU Office of Information Technology as a Network Product Manager and oversaw the deployment of various network products. He graduated from Brigham Young University with a B.S. in Information Technology in 2004 and received a Master of Science degree in Information Technology from Brigham Young University in 2009.

Laurie Harvey, Chief Financial Officer and Secretary/Treasurer. Ms. Harvey was appointed Secretary/Treasurer of the Agency in January 2019. She replaced Kirt Sudweeks, who retired in January 2019 after serving as Secretary/Treasurer for 13 years. She also serves as the Chief Financial Officer of UTOPIA. Prior to joining the Agency, Ms. Harvey was an Assistant City Manager for Midvale City, one of the Agency's member cities. She was employed by Midvale City for 20 years, starting out as Finance Director in 1998, advancing to Director of

Administrative Services in 2008, and taking on additional duties as Assistant City Manager in 2013. She has served on the boards of both UIA and UTOPIA and on the Agency's Finance Committee. She is a Certified Public Accountant and a Certified Public Finance Officer. She holds a B.S. in accounting from the University of Utah.

ADDITION/WITHDRAWAL/DISSOLUTION

Any municipality that wishes to become a member of the Agency may do so upon approval of the governing body of the governmental entity and the Agency's Board. Entities that become members of the Agency subsequent to the original execution of the Interlocal Agreement have the same rights, power and authority as the original Members. To date, no additional members have been added since the inception of the Agency.

The Agency may be dissolved by a two-thirds vote of the Members, so long as it has no outstanding bonds (including the Series 2019 Bonds). Upon dissolution and after payment in full of all outstanding bonds and other obligations, the Board will equitably disburse the assets of the Agency to then current Members. To the extent possible, each Member will receive ownership of that portion of the UIA Network within its boundaries, at no additional cost to each then current Member.

OUTSTANDING OBLIGATIONS OF THE AGENCY

SERIES	PURPOSE	AMOUNT	MATURITY DATE	PRINCIPAL AMOUNT OUTSTANDING
2017A ⁽¹⁾	Improvements & Refunding	\$73,905,000	October 15, 2040	\$ 71,760,000
2017B ⁽¹⁾	Refunding	3,500,000	October 15, 2023	3,050,000
2018A ⁽¹⁾	Improvements	21,810,000	October 15, 2040	21,810,000
2018 ⁽²⁾	Layton Improvements	22,285,000	October 15, 2044	22,285,000
2019 ⁽³⁾	Morgan Improvements	2,550,000	October 1, 2044	<u>2,550,000</u>
			Total	\$121,455,000

(1) Issued under the Agency's separate general revenue bond indenture. Secured by the Agency operating revenues and a pledge of franchise taxes under a 2011 Service Contract between the Agency and its Members.

(2) Issued under the Agency's separate indenture with respect to these bonds. Secured by revenues received by the Agency with respect to certain telecommunications facilities constructed by the Agency to provide fiber communications service in Layton City, Utah.

(3) For purposes of this Official Statement, the Series 2019 Bonds are considered issued and outstanding.

In addition, the Agency has outstanding its notes (the "Member Notes") in the aggregate amount of \$3,718,636 payable to certain of the Members. The Member Notes evidence working capital assessments made by the Agency to such Members for fiscal years 2013-2015 pursuant to the Interlocal Agreement in order to help the Agency meet ongoing operational expense obligations, including payments to UTOPIA for operational expenses of the UTOPIA Network. The Member Notes are payable from certain Agency net revenues (subordinate to its bonds). Assessments are subject to the budgetary processes and approvals of the Members. Although most of the Members agreed to pay at least some portion of the assessments in the past, no assurance

can be given that the Members will agree to do so in the future in the event that any additional assessments are necessary. The Agency did not assess the Members (and no new notes were issued) for the past three fiscal years, and the Agency does not expect to issue any additional notes in the future.

NO DEFAULTED BONDS

The Agency has never been in default on any material contractual or financial obligation, including the punctual payment of principal or interest on any of its indebtedness.

MANAGEMENT DISCUSSION AND ANALYSIS

The Agency believes that much of the current infrastructure and technology utilized by the telecommunications industry will need to be replaced in the future with faster and higher capacity fiber optic infrastructure to best serve the evolving and growing demands of users. The Agency believes that it is well positioned to meet the emerging needs of the industry within its service area.

The UIA Network is a fiber optic network providing high-speed broadband voice, video and data access. The UIA Network is connected to the UTOPIA Network pursuant to the IRU Agreement. The UTOPIA Network is an open-access system where UTOPIA designs, builds and operates a fiber infrastructure that multiple competing service providers utilize to connect to end-customers. The synergy provided by the Agency's partnership with UTOPIA allows both organizations to provide citizens a state-of-the-art broadband network. The Agency's projects are facilitating economic development throughout the Agency's (and UTOPIA's) member cities.

The Agency, working in conjunction with the UTOPIA Network, has established a track record of successfully building out fiber infrastructure that brings fast and reliable internet service to customers within the boundaries of the Members. Competition among service providers within the UIA Network has helped ensure competitively priced internet services and excellent customer support. If a specific service provider fails to provide reliable and affordable service, the open-access system allows a customer to switch to a new service provider while utilizing the same UTOPIA fiber connection.

As of June 30, 2018, more than 30 residential and business internet service providers were actively providing services utilizing the combined UTOPIA/UIA Network and a total of 19,905 homes and businesses had subscribed for services. As of February 1, 2019, the Agency estimates that the number of subscribers has grown to approximately 22,300 homes and businesses. Future growth of the UIA Network will be largely demand-based, bringing the network first to those areas that will generally bring the best return on investment. The Agency continues to make significant progress towards its original mission: to build and maintain a fiber optic network to service all of the businesses and residents in UTOPIA's member cities. As of February 1, 2019, more than 2,473 miles of fiber cable have been placed within the boundaries of the 11 UTOPIA member cities. Within footprints serviced by 150 hut sites, there are approximately 166,500 addresses, of which approximately 102,500 are able to receive services of the combined UTOPIA/UIA Network. The remaining addresses are located in apartment buildings, condominium developments or in areas isolated by right-of-way or pole access issues. The combined UTOPIA/UIA Network has grown

to become the largest open-access system of its kind in North America and is now available to over 168,000 addresses throughout the service area.

Financial results for the Agency for its fiscal year ended June 30, 2018, were generally very positive. Operating revenues were up \$1,586,000, a 17.5% increase from fiscal year 2017. Operating Expenses were up by \$2,385,000 (including an increase in depreciation of \$919,400, and recognition of services provided by UTOPIA on behalf of UIA totaling \$1,086,800). Operating Income was \$3,541,075, a decrease of 18% from FY 2017. Customers of the Agency increased by 2,300 in fiscal year 2018, a 29% increase from 2017. Average Recurring Monthly Revenue increased by \$132,000, a 17.4% increase from 2017.

For fiscal year 2019, the Agency budgeted for continued increases in revenues and operating income based on customer trends and expected margins. The Agency's operating revenues have grown by more than \$1,293,000 through the first six months of fiscal year 2019, an increase of 25%, when compared to the first six months of fiscal year 2018. Currently, operating revenues for fiscal year 2019 are tracking approximately 6% ahead of the Agency's budget.

Certain recent trends in the industry should benefit both the near-term success and long-term viability of UTOPIA and the Agency. Consumer demand in the service area continues to outpace available incumbent provider options, which has led to significant customer growth for the Agency and UTOPIA. UTOPIA and the Agency are adding customers at the fastest pace in their history, with growth coming from all areas where their service is available. Subscriber disconnections (known as churn) for UTOPIA (<4% annually) are well below industry averages, and the low churn rate has helped to contribute to net growth of customers over time. Additionally, based on an independent third-party survey conducted in August 2018 and contracted for by UTOPIA, UTOPIA's Net Promoter Score, an industry metric for measuring customer satisfaction, was significantly higher than any other known Net Promoter Score for broadband options in Utah.

Further, the industry trend of "cord-cutting," a practice where customers cancel traditional cable related services in favor of internet only delivered services, should greatly benefit UTOPIA and the Agency. Much of the cable and telecom industries are threatened by new internet-delivered services for phone (such as Ooma and Vonage) or video streaming (such as Netflix, Hulu, SlingTV and YouTube TV) because the cable and telecom providers often depend on bundled revenues for profitability. The trend of increased cord-cutting is driving consumers to cancel cable TV and phone services in favor of faster internet connections and internet delivered services. Because the Agency's and UTOPIA's revenue models are generally based on connection revenues and higher speed internet access at competitive rates and are not reliant on providing bundled services, the Agency and UTOPIA believe they are well positioned to benefit from the cord-cutting trend.

The result of these industry trends, many of which should provide increased demand for broadband services of the type provided by UTOPIA and the Agency, together with improving economies of scale for UTOPIA and the Agency related to continued growth, should collectively better ensure the long-term viability of UTOPIA and the Agency as they finish the buildout of member cities and potentially expand into new cities.

FINANCIAL SUMMARIES AND BUDGET

The following tables summarize the Agency's recent financial history as well as its budget for fiscal year ending June 30, 2019. The Agency prepared the historical tables based on information set forth in the Agency's audited financial statements for the fiscal years ended June 30, 2014 through June 30, 2018.

UTAH INFRASTRUCTURE AGENCY					
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION*					
	FISCAL YEAR ENDED JUNE 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues					
Access fees	\$ 8,111,854	\$7,078,457	\$6,059,951	\$4,872,660	\$3,038,824
Installations	14,699	123,933	258,449	472,018	514,871
Reconnections	2,373,662	1,813,818	1,362,514	982,663	769,246
Miscellaneous operating revenue	<u>141,600</u>	<u>39,352</u>	<u>8,400</u>	<u>0</u>	<u>0</u>
Total Operating Revenues	<u>\$10,641,815</u>	<u>\$9,055,560</u>	<u>\$7,689,314</u>	<u>\$6,327,341</u>	<u>\$4,322,941</u>
Operating Expenses					
Marketing	509,695	\$323,884	\$231,039	\$86,013	\$85,778
Professional services	716,775	138,352	97,680	78,238	65,765
Network	1,404,954	704,047	420,302	364,212	321,543
Depreciation	<u>4,469,316</u>	<u>3,549,885</u>	<u>3,002,055</u>	<u>2,653,388</u>	<u>2,251,384</u>
Total Operating Expenses	<u>\$7,100,740</u>	<u>\$4,716,168</u>	<u>\$3,751,076</u>	<u>\$3,181,851</u>	<u>\$2,724,470</u>
Operating Income (Loss)	<u>\$3,541,075</u>	<u>\$4,339,392</u>	<u>\$3,938,238</u>	<u>\$3,145,490</u>	<u>\$1,598,471</u>
Non-Operating Revenues (Expenses)					
Interest income	\$ 528,398	\$ 491,518	\$ 386,958	\$ 291,526	\$ 329,094
Installation related capital contributions	452,541	376,682	247,294	799,864	577,877
Donated services from UTOPIA	546,883	-	-	-	-
Bond interest and fees	(4,506,128)	(2,774,126)	(2,993,006)	(1,917,898)	(2,374,095)
Loss on disposal of assets	<u>(390,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>\$(3,368,479)</u>	<u>\$(1,905,926)</u>	<u>\$(2,358,754)</u>	<u>\$(826,508)</u>	<u>\$(1,467,124)</u>
Change in Net Position	\$ 172,596	\$2,433,466	\$1,579,484	\$2,318,982	\$131,347
Total Net Position, July 1	<u>\$4,600,509</u>	<u>\$2,167,043</u>	<u>\$587,559</u>	<u>\$(1,731,423)</u>	<u>\$(1,862,770)</u>
Total Net Position, June 30	<u>\$4,773,105</u>	<u>\$4,600,509</u>	<u>\$2,167,043</u>	<u>\$587,559</u>	<u>\$(1,731,423)</u>

* This summary has not been audited.

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF NET POSITION*

	FISCAL YEAR ENDED JUNE 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets					
Current Assets					
Cash	\$ 5,447,838	\$ 6,185,494	\$ 3,146,791	\$ 2,168,755	\$ 996,661
Restricted cash equivalents	4,504,137	8,970,264	25,443,378	2,298,904	5,573,515
Trade receivables, net	1,100,484	1,011,553	491,703	468,801	327,634
Inventory	2,579,451	1,240,161	885,408	658,843	296,805
Notes receivable	236,173	218,007	193,111	180,946	151,665
Prepaid expenses	<u>5,553</u>	<u>17,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$13,873,636</u>	<u>\$17,642,689</u>	<u>\$30,160,391</u>	<u>\$5,776,249</u>	<u>\$7,346,280</u>
Noncurrent Assets					
Notes receivable	\$3,091,433	\$3,208,739	\$3,275,771	\$3,402,970	\$3,576,268
Restricted cash equivalents					
Capital Assets:	6,004,053	-	-	-	-
Construction in progress	3,246,486	749,640	109,706	13,230	2,852,028
Land	500,000	500,000	-	-	-
Property and equipment, net fiber optic network	65,400,272	51,856,193	40,519,444	40,129,117	36,506,565
Total Noncurrent Assets	<u>\$78,242,244</u>	<u>\$56,314,572</u>	<u>\$43,904,921</u>	<u>\$43,545,317</u>	<u>\$42,934,861</u>
Total Assets	<u>\$92,115,880</u>	<u>\$73,957,261</u>	<u>\$74,065,312</u>	<u>\$49,321,566</u>	<u>\$50,281,141</u>
Deferred Outflows of Resources					
Deferred issuance costs on bonds	<u>5,155,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>5,155,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$97,271,758</u>	<u>\$73,957,261</u>	<u>\$74,065,312</u>	<u>\$49,321,566</u>	<u>\$50,281,141</u>
Liabilities					
Current Liabilities					
Accounts payable	\$1,931,760	\$957,025	\$409,987	\$238,511	\$380,330
Liabilities payable from restricted assets	-	-	-	-	431,077
Accrued liabilities	140,074	68,819	29,186	63,184	129,636
Unearned/Deferred revenue	25,075	9,675	-	-	300,000
Interest payable from restricted assets	762,473	596,607	605,940	402,597	408,513
Capital leases payable	647,187	640,171	620,709	595,117	655,000
Revenue bonds payable	<u>2,595,000</u>	<u>1,690,000</u>	<u>1,645,000</u>	<u>1,005,000</u>	<u>980,000</u>
Total Current Liabilities	<u>\$6,101,569</u>	<u>\$3,962,297</u>	<u>\$3,310,822</u>	<u>\$2,304,409</u>	<u>\$3,284,556</u>
Noncurrent Liabilities					
Capital Leases Payable	365,216	\$1,012,403	\$2,807,455	\$5,168,053	\$7,540,602
Notes Payable	3,718,636	3,835,636	3,417,291	3,352,210	2,248,467
Revenue Bonds Payable	<u>82,313,232</u>	<u>60,546,416</u>	<u>62,362,701</u>	<u>37,909,335</u>	<u>38,938,939</u>
Total Noncurrent Liabilities	<u>\$86,397,084</u>	<u>\$65,394,455</u>	<u>\$68,587,447</u>	<u>\$46,429,598</u>	<u>\$48,728,008</u>
Total Liabilities	<u>\$92,498,653</u>	<u>\$69,356,752</u>	<u>\$71,898,269</u>	<u>\$48,734,007</u>	<u>\$52,012,564</u>
Net Position					
Net investment in capital assets	(\$5,540,482)	\$2,076,379	\$2,763,232	\$3,384,664	\$3,350,994
Restricted for:					
Debt service	9,672,253	2,559,705	2,543,594	1,635,981	1,133,381
Unspent bond proceeds	73,464	5,813,952	22,293,844	260,326	3,600,544
Unrestricted	<u>567,870</u>	<u>(5,849,527)</u>	<u>(25,433,627)</u>	<u>(4,693,412)</u>	<u>(9,816,342)</u>
Total Net Position	<u>\$4,773,105</u>	<u>\$4,600,509</u>	<u>\$2,167,043</u>	<u>\$587,559</u>	<u>\$(1,731,423)</u>
Total Liabilities and Net Position	<u>\$97,271,758</u>	<u>\$73,957,261</u>	<u>\$74,065,312</u>	<u>\$49,321,566</u>	<u>\$50,281,141</u>

* This summary has not been audited.

AGENCY BUDGET AND YEAR-TO-DATE FINANCIAL RESULTS

	Fiscal Year Ending June 30, 2019*	Actual Year-to-Date (through December 31, 2018)
Total Revenues ⁽¹⁾	\$12,713,100	\$6,701,200
Expenses:		
Marketing	\$ 518,600	\$ 327,100
Administrative services	150,000	91,700
Professional services	25,200	12,000
Network management	2,022,270	1,032,600
Depreciation	4,800,000	2,199,200
Bond interest and fees	<u>3,757,946</u>	<u>1,591,400</u>
Total Expenses	\$11,274,016	\$5,254,000
 Net Income	 \$ 1,439,084	 \$1,447,200

* The budget for fiscal year ending June 30, 2019, was adopted by the Board on June 25, 2018. The budget has not yet been amended for the 2018 UIA and Layton Bonds. Actual YTD Interest income and Bond interest expense do not include transactions related to those bonds.

(1) Budget consists of projected operating revenues in the amount of \$12,675,600 and projected interest income in the amount of \$37,500. Actual YTD consists of operating revenues of \$6,494,700 and interest income of \$206,500.

THE UIA NETWORK

GENERAL

The UIA Network is an advanced communications network built with fiber optic technology, providing transmission of voice, data and video at speeds that are significantly faster than those available through certain competing technologies. Fiber optic technology supports the long-term projected growth in bandwidth and capacity required for increasing usage demand and requirements. The use of fiber optic technology to support homes and businesses has become more accepted as the telecommunications industry continues to implement new infrastructure and technology to meet increasing demand and economic needs. The Agency provides the fiber optic cable, laid both underground and above ground, necessary to connect each Member and the homes and businesses within each Member. Other elements of the UIA Network include conduits, fiber strands, splices, switches, transmitters, terminals, internal power sources and all other items necessary to operate the UIA Network.

The UIA Network is based on providing transport services at layer 2 of the open systems interconnect (OSI) model. The core backbone is built around internet provider multi-protocol label switching (IP-MPLS). This structure gives the UIA Network a powerful, highly redundant core that remains transparent to customer traffic. The UIA Network employs an Active Ethernet architecture, meaning that customers are connected to community cabinets with active electronics. This architecture permits the Agency to scale economically and service business and residential

customers over the same carrier grade network. It also allows the UIA Network to operate as an Open Access network with multiple internet service providers (ISPs) delivering customized services and products to customers. The UIA Network extends into the customer site with Customer Premise Equipment (CPE). The CPE device allows the conversion of optical signals to electrical signals that are separated by the ports on the CPE device. This device allows the UIA Network to deliver ISP services consisting of data, video and VoIP services with minimum equipment investment on behalf of the ISP or the customer. This design makes it possible to support flexible customer service without requiring a service visit each time the customer makes a change in services.

The UIA Network deploys a fiber-to-the-premises (FTTP) network with a minimum capacity of 250 Mbps (megabits per second) in both directions, upload and download. The UIA Network is Gigabit capable for residents and currently supports speeds of up to 100 Gigabit for commercial customers. The Agency believes that this bandwidth makes it possible for service providers using the UIA Network to deliver higher quality services and launch innovative new services that existing networks cannot currently support. Also, since the carrying capacity of fiber plant can be significantly increased by changing the electronics in the UIA Network, the Agency believes the UIA Network has a long useful life and is able to support innovations created by evolving technologies.

The UIA Network operates as a network under an open access model which is available to all qualified service providers. The Agency provides carrier class transport services to the Members and provides physical connections and transport services on behalf of the Members to End Users. Service providers contract with the Agency directly, or with UTOPIA, as the Agency's operator, for access to the UIA Network and then market and provide internet, video, telephone and other services to their customers. Such services will utilize the transport services provided by the Agency. The Agency, the Members and UTOPIA may also independently market and promote the benefits and uses of connecting to the UIA Network.

The following table shows the five largest service providers on the UIA Network for the past three fiscal years, as measured by comparing the percentage of Agency revenues generated from such service provider against revenues generated from all Service Provider Agreements:

SERVICE PROVIDER	FISCAL YEAR 2018	FISCAL YEAR 2017	FISCAL YEAR 2016
Xmission	26.2%	22.7%	20.7%
Veracity	20.1	18.9	18.4
Windstream	8.8	11.4	13.1
Sumo	7.6	7.8	8.6
First Digital	<u>6.7</u>	<u>7.4</u>	<u>7.1</u>
Total	<u>69.4%</u>	<u>68.1%</u>	<u>67.9%</u>

THE UTOPIA NETWORK

UTOPIA is a separate legal entity and political subdivision of the State which was created under the Interlocal Cooperation Act by 15 Utah municipalities. UTOPIA is governed by the First Amended and Restated Interlocal Cooperative Agreement of the Utah Telecommunication Open Infrastructure Agency, dated as of June 1, 2004.

UTOPIA has the following member cities: Brigham City, Cedar City, Cedar Hills City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, City of Orem, Payson City, Perry City, Riverton City, Tremonton City, Town of Vineyard and West Valley City.

The Agency connects the UIA Network to the UTOPIA Network pursuant to the IRU Agreement and other agreements. See "Intersection of the UIA Network and Utopia Network" herein for a further discussion of the IRU Agreement. As of June 30, 2018, the UTOPIA Network consisted of approximately 2,473 miles of fiber cable (and associated duct) within the boundaries of eleven of UTOPIA's member cities.

The table below presents the percentages of addresses within the Members that are passed by the UTOPIA Network as of December 31, 2018.

MEMBER	% OF ADDRESSES PASSED UTOPIA NETWORK
Centerville City	99.03%
Brigham City	96.71
Lindon City	95.22
Murray City	69.85
Midvale City	61.26
Payson City	51.50
City of Orem	51.59
Layton City	67.13
West Valley City	42.86

INTERSECTION OF THE UIA NETWORK AND UTOPIA NETWORK

The physical location of the UTOPIA Network is critical to the Agency's success because the Agency does not have the backbone telecommunications infrastructure in place nor the financing available to provide for such a large construction endeavor. Technically, the UIA Network could connect to many other networks other than the UTOPIA Network; however, no other fiber optic networks have the physical connections to the homes that the Agency intends to connect to the UIA Network, and the costs of connecting to different networks would be prohibitive. The IRU Agreement provides long-term rights to the Agency to connect the UIA Network to the UTOPIA Network. The initial term of the IRU Agreement runs until April 30, 2042, and the IRU Agreement will automatically renew in additional five-year increments, unless either party gives the other party at least 365 days written notice of such party's intent to terminate at the expiration of then current term. A party under the IRU Agreement may deliver to the other

party a written notice of default for (i) failing to make any payment of any amounts owed under the IRU Agreement, when no bona fide dispute exists, (ii) the breaching by either party or its agents, assigns or affiliates of any material provision (as defined in the IRU Agreement), or (iii) the filing or initiating of bankruptcy or insolvency proceedings or certain similar actions. If the Agency receives a notice of default related to the occurrence of an event described in (i) above, the Agency will have 30 days to cure. If the Agency fails to cure such event within the cure period, UTOPIA will have the right to either (a) suspend its performance obligations under the IRU Agreement, (b) seek an award for the past due balance, including interest and reasonable attorneys' fees, and/or (c) require the Agency to post a reasonable deposit or other adequate assurance of payment as a condition of continuing performance by UTOPIA. Notwithstanding the foregoing, UTOPIA may not disconnect service or revoke the indefeasible right of use of the Agency with respect to any additional capacity except for non-payment of any additional indefeasible right of use fee with respect to that additional capacity. A party that has received a notice of default related to the occurrence of an event described in (ii) above will have 30 days to cure the alleged breach. If the defaulting party has commenced actions in good faith to cure such defaults which are not susceptible of being cured during such 30-day period, such period will be extended (but not in excess of 90 additional days) while such party continues such actions to cure. If such party fails to cure the breach within the applicable cure period, the IRU Agreement will not be terminated, but as long as such default shall be continuing, the non-defaulting party shall have the right to either (a) suspend its performance or payment obligations under the IRU Agreement, (b) seek an order of specific performance, and/or (c) seek the award of compensatory damages. Upon the expiration of the term of the IRU Agreement, or as a result of a material breach of a component set forth in the IRU Agreement which has gone uncured as set forth in the IRU Agreement, the IRU Agreement will terminate and the Agency shall owe UTOPIA no additional compensation.

The Agency does not have a payroll, and both employees of the Agency are also employees of UTOPIA and are paid by UTOPIA. Pursuant to the UTOPIA Service Agreement, the Agency has contracted for UTOPIA to provide for the management of various services for certain portions of the UIA Network, including planning and pre-construction management services to build the UIA Network and administration and operations management of the UIA Network, including service provider management. The initial term of the UTOPIA Service Agreement was for five years (beginning June 29, 2010), and the Agency has continued rights to renew such Agreement, unless UTOPIA later objects in writing within 30 days, for successive one-year periods, on the same terms and conditions existing on the date of such renewal by delivering written notice to UTOPIA at least 30 days prior to the end of then existing term. The UTOPIA Service Agreement may be terminated as follows: (a) as required by law, (b) 30 days after a non-breaching party has delivered written notice of a material breach of the UTOPIA Service Agreement to the breaching party and such breach remains uncured, (c) by written mutual agreement of the parties, or (d) immediately, without delivery of notice, upon the insolvency or bankruptcy of a party, or upon the occurrence of certain similar events set forth in the UTOPIA Service Agreement. A party is required under the UTOPIA Service Agreement to immediately notify the other party in writing upon the occurrence of any of the events listed in (d). Failure to do so constitutes a material breach of the UTOPIA Service Agreement and will result in automatic termination of the UTOPIA Service Agreement. The UTOPIA Service Agreement is also subject to termination by the Agency for business convenience, for any or no reason, and without penalty, liability or obligation of any

kind (except for payment for conforming services already received) by delivering at least 90 days' written notice to UTOPIA.

The combined UTOPIA/the UIA Networks consist of 181 production footprints passing a total of 166,500 addresses, of which 102,500 are able to receive services at the decision of the household or business (marketable). The remaining non-marketable addresses are located in apartment buildings, condominium developments or in areas isolated by right-of-way or pole access issues.

The following chart shows the total number of business and residential customers, the "take rate" and the "churn rate" of the combined UTOPIA/the UIA Networks for the past four fiscal years. "Take rate" means the percentage of potential business and residential customers in that city that have signed up for either the UIA Network or the UTOPIA Network. Upon complete build out of the combined UTOPIA/the UIA Networks, the total projected potential customers for the combined UTOPIA/the UIA Networks is approximately 160,000. "Churn rate" means the percentage of customers of the combined UTOPIA/the UIA Networks that have terminated services in such fiscal year.

COMBINED UTOPIA/THE UIA NETWORKS – CUSTOMERS, TAKE-RATE AND CHURN RATE

	FY 2018		FY 2017		FY 2016		FY 2015		FY 2014	
	<u>Customers</u>	<u>Take-Rate</u>	<u>Customers</u>	<u>Take-Rate</u>	<u>Customers</u>	<u>Take-Rate</u>	<u>Customers</u>	<u>Take-Rate</u>	<u>Customers</u>	<u>Take-Rate</u>
Brigham City	1,960	33.9%	1,833	31.3%	1,640	29.5%	1,380	31.4%	1,272	30.0%
Centerville	1,723	35.6	1,607	32.9	1,515	30.0	1,360	28.7	1,268	26.6
Layton	2,609	22.5	1,749	18.6	1,096	16.1	599	16.8	505	20.8
Lindon	1,503	46.4	1,442	44.8	1,385	43.4	1,294	45.0	1,209	43.3
Midvale	790	14.3	747	13.6	677	12.2	599	17.7	565	19.0
Murray	2,786	25.4	2,629	23.7	2,474	22.4	2,288	25.6	2,148	24.3
Orem	3,828	27.0	3,316	26.5	3,200	24.4	3,182	29.2	3,157	29.3
Payson	950	30.4	756	24.4	681	25.0	570	24.9	547	24.1
Perry	471	27.1	344	19.3	132	7.5	2	0.0	2	0.0
Tremonton	754	27.4	608	22.0	508	18.2	336	14.5	287	12.6
West Valley	1,673	11.0	1,098	9.6	839	10.3	695	14.3	635	13.6
Misc.	<u>473</u>		<u>410</u>		<u>368</u>		<u>326</u>		<u>265</u>	
Total	19,520		16,539		14,515		12,631		11,860	
Lost Customers			565		736		518		610	
Churn Rate			3.42%		5.07%		4.10%		5.14%	

Certain potential customers are candidates for services by both the Agency and UTOPIA. In such situations, the Agency and UTOPIA have a practice of allocating such potential customers to the Agency if any of the Agency's funds are expended when providing connection services to such customers.

RISK FACTORS

The purchase of the Series 2019 Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the Series 2019 Bonds should make a decision to purchase any of the Series 2019 Bonds without first reading and considering the entire Official Statement, including all appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

REVENUE LIMITATIONS

General. The Series 2019 Bonds are payable solely from and secured by a pledge and assignment of Revenues and moneys on deposit in the funds and accounts held by the Trustee under the Indenture. As previously discussed, Revenues are derived from the Service Revenues and, in the event and to the extent of any Shortfall, Allocated Electrical Fee and Sales Tax Revenues. A variety of factors could impact the amount of those sources of Revenues. Among other things, economic conditions, the demand for energy, the demand for communication services within the boundaries of the City, demographic changes, changes in governmental regulations and policies and other factors may adversely affect the financial condition of the Agency or the City, and, consequently, the availability of Revenues. No assurance can be made that Revenues will be realized by the Agency in amounts that together with the other funds held under the Indenture, will be sufficient to pay debt service on the Series 2019 Bonds when due.

Revenues from Fees. Certain Revenues are generated from fees that the City, service providers or the Agency charges to customers within the boundaries of the City. Unlike other municipal enterprises, such as water and sewer systems or electric systems, residents within the City are not required to participate in the UIA Network. Subscription to the UIA Network by End Users is voluntary and may be canceled upon request. Therefore, price is more elastic than fees for other municipal enterprise systems and cannot be set at levels that would discourage participation by existing and potential customers. Additionally, although the City and the Agency have the ability to establish such fees without obtaining approval of any regulatory or other governmental agency, under State law, such fees must be deemed reasonable for the service provided. The ultimate determination of reasonableness lies with the Utah courts in the event any such fees are challenged.

Electrical Fee Revenues. The City's Electrical Fee Revenues are generated from the operation of the City's electric utility system. The national and State economy, weather conditions and many other factors can affect the level of receipts of such Electrical Fee Revenues. Additionally, the Agency and the City cannot predict whether the Utah State Legislature (the "State Legislature") will take actions that affect the ability of the City to generate Electrical Fee Revenues.

Uncertainty of Economic Activity and Allocated Sales Tax Revenues. The amount of sales and use tax revenues to be collected by the City is dependent on several factors beyond the control of the City, including, but not limited to, the state of the United States economy and the economy

of the State and the City. Any one or more of these factors could result in the City receiving less sales and use tax revenues than anticipated. During periods in which economic activity declines, sales and use tax revenues are likely to fall as compared to an earlier year. In addition, sales and use tax revenues are dependent on the volume of the transactions subject to the tax. From time to time, proposals have been made by the State Legislature to add or remove certain types of purchases from the sales and use tax, and the State (like many other states) has recognized the potential reduction in sales and use tax revenues because of purchases made through the internet and other nontraditional means. In addition, the State Legislature has, from time to time, considered legislation to revise the amount of sales and use tax to be levied or to adjust the method of allocating such taxes to local governmental entities. The Agency cannot predict what impact these items may have on the sales and use tax revenues it receives.

CONSTRUCTION, EXPANSION AND OPERATION OF THE CITY NETWORK AND OTHER FACILITIES OF THE UIA NETWORK

Construction of the UIA Network commenced in June 2011, and as of February 28, 2019, the UIA Network served 13,097 active business and residential customers. Timely construction of the City Network is critical to gaining users and generating Revenues. Construction of the City Network involves many risks common to construction projects such as shortages or delays in the availability of materials and qualified labor, work stoppages, contractual disputes with contractors or suppliers or others, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns. No assurance can be given that the construction of the City Network will be completed in a timely manner or that the cost will not exceed available funds of the Agency. Further, future bond issues of the Agency to finance capital expansion of the UIA Network (unless secured by individual Member or other city pledges in a manner similar to the Service Contract and the Series 2019 Bonds) are dependent upon sufficient net revenues to support the payment of debt service on such bonds and other factors and may not be a viable option for the Agency.

The Agency and UTOPIA, as the Agency's contracted operator, are tasked with managing, operating and maintaining the UIA Network in an efficient and economical manner consistent with prudent telecommunications utility practice. As the UIA Network expands, its operation and maintenance expenses may increase, and no assurance can be given that such expenses will not exceed available funds of the Agency. The Agency is exempt from regulation by the Utah Public Service Commission ("PSC"), but the operation of the UIA Network is subject to various other governmental rules and regulations. If the UIA Network is not operating or operable as required by State law, the Agency may be subject to certain penalties or other remedies. In addition, service providers who utilize the UIA Network may be subject to regulation by the PSC, and any noncompliance by such service providers could negatively affect the operation of the UIA Network.

COMPETITION

There is significant competition in the Utah telecommunications market. While the Agency believes that the UIA Network currently offers competitive pricing and certain distinct

technological advantages, competing telecommunications providers utilize greater name recognition, financial resources and marketing services to compete for users. Additionally, certain competitors offer some services at lower prices than service providers utilizing the UIA Network. There can be no assurance that the Agency or its service providers will have the financial resources or management expertise to continue to compete effectively for customers in the future.

Advances in internet, data, television, telephone and related technology may occur at a very rapid pace. There can be no assurance that future advances in technology implemented by existing competitors or others will not render the services provided by the service providers of the combined UTOPIA/the UIA Networks noncompetitive.

DESTRUCTION OF THE UIA NETWORK

The Indenture requires that the Agency, in its operation of the UIA Network (including the City Network), maintain insurance in such amounts and to such extent as is normally carried by other operating public utilities of the same size and type. In the event of any loss or damage, the Indenture requires that the proceeds of any such insurance be used first to restore or replace the property lost or damaged. There can be no assurance that the proceeds of any such insurance will be sufficient to restore or replace the lost or damaged property of the Agency.

Pursuant to the issuance of the UTOPIA Bonds (hereinafter defined), UTOPIA is required to maintain similar insurance, and in the event of any loss or damage, such insurance proceeds would be used first to restore or replace the property lost or damaged. There can be no assurance that the proceeds of any such insurance will be sufficient to restore or replace the lost or damaged property of UTOPIA.

The infrastructure of the UIA Network and the UTOPIA Network is regionally diverse and widely distributed. However, any damage to or destruction of any portions of the UIA Network or the UTOPIA Network may prevent the Agency from providing telecommunications services to some or all of its service providers. In such event, the revenues of the Agency may decrease.

RELIANCE ON UTOPIA

The Agency entered into the UTOPIA Service Agreement and the IRU Agreement to advance the Agency's objective of providing high speed telecommunications facilities to its Members and to capitalize on the economies of scale that can be achieved by connecting the UIA Network to the UTOPIA Network. Although the UIA Network could connect to many other networks other than the UTOPIA Network, no other fiber optic networks have the physical proximity to the homes that the Agency intends to connect to the UIA Network, and the costs of connecting to different networks would be prohibitive.

UTOPIA undertook the acquisition and construction of the UTOPIA Network in 2004 and financed and refinanced such acquisition and construction with the issuance of bonds that are secured both by revenues of the UTOPIA Network and by a sales tax pledge of certain of UTOPIA's members. Although the UTOPIA Network is operational and generating revenues, the revenues have previously been insufficient to pay operational expenses and meet debt service

requirements of the UTOPIA Bonds. However, there has been no payment default of debt service on the UTOPIA Bonds.

As of December 31, 2018, UTOPIA has outstanding revenue bonds in the aggregate amount of \$182,101,997, comprised of \$108,403,348 Tax-Exempt Adjustable Rate Telecommunications and Sales Tax Revenue Refunding Bonds, Series 2011A (the "*UTOPIA Series 2011A Bonds*"), and \$73,698,649 Taxable Adjustable Rate Telecommunications and Sales Tax Revenue Refunding Bonds, Series 2011B (the "*UTOPIA Series 2011B Bonds*"), and together with the UTOPIA Series 2011A Bonds, the "*UTOPIA Bonds*"). The original principal amount of the UTOPIA Series 2011A Bonds was \$110,000,000, and the original principal amount of the UTOPIA Series 2011B Bonds was \$75,000,000. The final maturity date of the UTOPIA Bonds is June 1, 2040. KeyBank National Association is the owner of the UTOPIA Series 2011A Bonds, and Bank of America National Association is the owner of the UTOPIA Series 2011B Bonds. UTOPIA has two derivative contracts that hedge against variable interest rate volatility by matching the required pledged revenues of its member cities to the cash flow required for the debt service on the UTOPIA Bonds and the associated derivative contracts. The derivative contracts effectively fix the interest rate for the UTOPIA Series 2011A Bonds at 4.984% and for the UTOPIA Series 2011B Bonds at 5.665%. KeyBank National Association is the counterparty on the derivative contract related to the UTOPIA Series 2011A Bonds; Bank of America National Association is the counterparty on the derivative contract related to the UTOPIA Series 2011B Bonds. UTOPIA also has notes payable to its members cities in the approximate amount of \$122,127,473, reflecting member city contributions to pay the UTOPIA Bonds. The notes are payable on a subordinate basis to the UTOPIA Bonds.

The Agency is not responsible for paying debt service on the UTOPIA Bonds or its other outstanding obligations. If UTOPIA is unable to meet its financial obligations as they become due, its continued ability to operate the UTOPIA Network could be impacted. Any disruption or inability of UTOPIA to operate the UTOPIA Network would likely have a material adverse impact on the ability of the Agency to meet its customer and financial obligations.

Without sufficient moneys to operate, the UTOPIA Network could terminate, which would likely cause a shut-down of the UIA Network. In the event of a shut-down of the UIA Network following the termination of the UTOPIA Network or otherwise, amounts payable by the City under the Service Contract are required to continue to be paid; however, there can be no assurance that such amounts will be sufficient to pay debt service on the Series 2019 Bonds after other required expenses have been paid.

CYBERSECURITY

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the UIA Network or the UTOPIA Network to cease or limit operational capacity, for short or extended lengths of time. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage resulting in loss of future revenues. To date, the Agency has not experienced a successful cyberattack. The Agency believes it has made all reasonable efforts to ensure that any such attack is not successful and that the UIA Network and the UTOPIA Network will not see any loss of service to customers or other consequences. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the UIA Network or the UTOPIA Network or other challenges.

FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the Agency, UTOPIA, each respective network, the Members and the Series 2019 Bonds. Future actions of State or federal legislatures may affect the overall financial conditions of the Agency or its ability to continue to collect revenues for its ongoing operations. The Agency can give no assurance that there will not be a change in, interpretation of or addition to such applicable laws, provisions and regulations that would have a material effect on the finances of the Agency, its corporate existence or its ability to offer advanced telecommunications services, collect revenues or attract service providers and customers.

LIMITED REMEDIES

The remedies of the Series 2019 Bondholders upon an Event of Default under the Indenture are limited. See “APPENDIX B—FORM OF THE INDENTURE—Remedies.” Under the Indenture, there is no contractual remedy of acceleration. Further, the legal right and ability of a Series 2019 Bondholder to enforce its rights and remedies under the Indenture may be limited by laws relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting creditors’ rights. In addition, a Series 2019 Bondholder’s ability to enforce such rights and remedies may require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited.

WITHDRAWAL OR CHANGE OF BOND RATING

The Series 2019 Bonds have received a rating from S&P. Such rating can be changed or withdrawn at any time for reasons both under and outside the Agency’s control. Any change or withdrawal of any rating on the Series 2019 Bonds could adversely affect the ability of investors to sell the Series 2019 Bonds or may affect the price at which they can be sold.

SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Series 2019 Bonds or, if a secondary market exists, that such Series 2019 Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Series 2019 Bonds at the request of the owners thereof.

Prices of the Series 2019 Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other circumstances. No guarantee exists as to the future market value of the Series 2019 Bonds. Such market value could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

A failure by the Agency to comply with its Continuing Disclosure Undertaking with respect to the Series 2019 Bonds (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Series 2019 Bonds. Any failure of the Agency’s obligations under the Undertaking must be reported in accordance with Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*Commission*”) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and may adversely affect the transferability and liquidity of the Series 2019 Bonds and their market price.

SUITABILITY OF INVESTMENT

The interest rate borne by the Series 2019 Bonds is intended to compensate the investor for assuming the risk of investing in the Series 2019 Bonds. Furthermore, the tax-exempt feature of the Series 2019 Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment and whether or not the Series 2019 Bonds are an appropriate investment for such investor.

FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX MATTERS” herein, interest on the Series 2019 Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Series 2019 Bonds were issued, as a result of future acts or omissions of the Agency in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series 2019 Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the Series 2019 Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Series 2019 Bonds. Finally, reduction or elimination of the tax-exempt status of obligations such as the Series 2019

Bonds could have an adverse effect on the Agency's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the Agency.

The tax-exempt bond office of the Internal Revenue Service (the "*Service*") is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the Agency as a taxpayer and the Series 2019 Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the Agency could adversely affect the market value and liquidity of the Series 2019 Bonds, regardless of the ultimate outcome.

CONTINUING DISCLOSURE

The Agency will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Series 2019 Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of the Rule. No person, other than the Agency, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Series 2019 Bonds. At present, such dissemination is made through the MSRB's Electronic Municipal Market Access system, referred to as EMMA ("*EMMA*"). The Agency is required to deliver such information within 210 days after the last day of the Agency's fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2019. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in "APPENDIX E—FORM OF CONTINUING DISCLOSURE UNDERTAKING."

During the past five years, although the Agency timely filed its audited financial statements and certain operating information in connection with previously executed undertakings, it failed in certain years to timely file certain annual financial and operating information, including by failing to file certain financial and operating information with respect to the fiscal year ended June 30, 2018, as required by prior undertakings relating to the Agency's Telecommunications Revenue and Refunding Bonds, Series 2017A and 2017B, Tax-Exempt Telecommunications Revenue Bonds, Series 2018A, and Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018. The Agency has since filed the missing information on EMMA, together with a notice of failure to file, and recently hired a third-party disclosure agent to assist the Agency in ensuring future compliance with its continuing disclosure undertakings.

LEGAL MATTERS

ABSENCE OF LITIGATION

Josh Chandler, general counsel to the Agency, will issue an opinion dated the date of closing, that will state, among other things, that there is no action, suit, proceeding, inquiry, or any

other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, (a) challenging the creation, organization, or existence of the Agency; (b) challenging the titles of its directors or officers to their respective offices; (c) seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2019 Bonds; (d) directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2019 Bonds are issued; (e) contesting the validity of the Series 2019 Bonds or the issuance thereof, or (f) which if determined adversely to the Agency would have a materially adverse effect on the financial condition of the Agency or its ability to meet the debt service requirements on the Series 2019 Bonds.

Gary Crane, counsel to the City, will issue an opinion dated the date of closing, that will state, among other things, that there is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened, (a) challenging the creation, organization, or existence of the City; (b) challenging the titles of its officers to their respective offices; (c) seeking to restrain or enjoin the execution or delivery of the Service Agreement; (d) directly or indirectly contesting or affecting the proceedings or the authority by which the Service Contract was executed and delivered; (e) contesting the validity of the Service Contract or the execution and delivery thereof, or (f) which if determined adversely to the City would have a materially adverse effect on the financial condition of the City or its ability to meet the UIA Revenue Requirement.

GENERAL

All legal matters incident to the authorization and issuance of the Series 2019 Bonds are subject to the approval of Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to the Agency. Certain legal matters will be passed upon for the Agency by its general counsel, Josh Chandler. Certain legal matters will be passed upon for the City by its counsel, Gary Crane, and for the Underwriter by its counsel, Chapman and Cutler LLP, Salt Lake City, Utah. Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah, has acted as municipal advisor to the Agency in connection with the issuance of the Series 2019 Bonds. The approving opinion of Bond Counsel will be delivered with the Series 2019 Bonds. A form of the opinion of Bond Counsel is set forth in APPENDIX D of this Official Statement.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2019 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax

laws. The summary does not deal with the tax treatment of persons who purchase the Series 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2019 Bonds.

OPINION OF BOND COUNSEL

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Agency, under the law currently existing as of the issue date of the Series 2019 Bonds:

Federal Tax Exemption. The interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Series 2019 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2019 Bonds, subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Agency has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

State of Utah Tax Exemption. The interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2019 Bonds but has reviewed the discussion under the heading "TAX MATTERS."

OTHER TAX CONSEQUENCES

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2019 Bond over its issue price. The issue price of a Series 2019 Bond is generally the first price at which a substantial amount of the Series 2019 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2019 Bond during any accrual period generally equals (1) the issue price of that Series 2019 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2019 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2019 Bond during that accrual period. The amount of original issue discount accrued in a particular

accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2019 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2019 Bond over its stated redemption price at maturity. The issue price of a Series 2019 Bond is generally the first price at which a substantial amount of the Series 2019 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2019 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2019 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2019 Bond, an owner of the Series 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2019 Bond. To the extent a Series 2019 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2019 Bonds, and to the proceeds paid on the sale of the Series 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2019 Bonds should be aware that ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2019 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase,

ownership and disposition of the Series 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

BOND RATING

S&P Global Ratings has assigned a rating of “A-” to the Series 2019 Bonds. Such rating reflects only the view of the rating agency providing such rating and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2019 Bonds. Neither the Agency nor the Underwriter have undertaken any responsibility either to bring to the attention of the registered owners or the Beneficial Owners of the Series 2019 Bonds any proposed change in or withdrawal of the rating or to oppose any such change or withdrawal.

FINANCIAL STATEMENTS

A copy of the Agency’s audited basic financial statements for fiscal year ended June 30, 2018 is appended hereto as “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF UTAH INFRASTRUCTURE AGENCY FOR THE FISCAL YEAR, ENDED JUNE 30, 2018.” Such financial statements have been audited by Keddington & Christensen, LLC, Salt Lake City, Utah (“*Keddington & Christensen*”), as stated in its report in APPENDIX A. Keddington & Christensen has not been asked to consent to the use of its name, audited financial statements, and report in this Official Statement.

MUNICIPAL ADVISOR

Lewis Young Robertson & Burningham, Inc. Salt Lake City, Utah (the “*Municipal Advisor*”), has been employed as an independent municipal advisor to the Agency in connection with the issuance of the Series 2019 Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no representation to the owners or purchasers of the Series 2019 Bonds as to their completeness or accuracy. The Municipal Advisor’s fee for services rendered with respect to the Series 2019 Bonds is contingent upon the delivery of such Series 2019 Bonds. Lewis Young Robertson & Burningham, Inc. also serves as municipal advisor to UTOPIA.

UNDERWRITING

The Series 2019 Bonds are being purchased by the Underwriter pursuant to a Bond Purchase Contract between the Agency and the Underwriter (the “*Purchase Contract*”). The Purchase Contract provides that the Underwriter will purchase all of the Series 2019 Bonds, if any are purchased, at a purchase price of \$2,592,048.70 (representing the par amount of the Series 2019 Bonds plus net original issue premium of \$67,548.70 and less Underwriter’s discount of \$25,500.00

The Purchase Contract pursuant to which the Series 2019 Bonds are being sold provides that the Underwriter will purchase not less than all of the Series 2019 Bonds. The Underwriter's obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions.

The Underwriter may offer and sell the Series 2019 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

RELATED PARTIES

Certain of the parties involved with the issuance of the Series 2019 Bonds provide services to UTOPIA. Gilmore & Bell, P.C. serves as bond counsel to UTOPIA, and Lewis Young Robertson & Burningham serves as municipal advisor to UTOPIA.

ADDITIONAL INFORMATION

All quotations from and summaries and explanations of the Utah State Constitution, statutes, programs, laws of the State of Utah, court decisions, the Indenture, the Service Contract, and the Purchase Contract which are contained herein, do not purport to be complete, and reference is made to such constitution, statutes, programs, laws, court decisions, the Indenture, the Service Contract, and the Purchase Contract for full and complete statements of their respective provisions.

All forecasts, estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not intended to be construed as a contract or agreement between the Agency and the purchasers or holders of any of the Series 2019 Bonds.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by the Agency.

UTAH INFRASTRUCTURE AGENCY

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE UTAH INFRASTRUCTURE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

[THIS PAGE INTENTIONALLY LEFT BLANK]

UTAH INFRASTRUCTURE AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2018

**UTAH INFRASTRUCTURE AGENCY
TABLE OF CONTENTS**

Independent Auditor’s Report	1
Management Discussion and Analysis	3
Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Fund Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements.....	12



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Utah Infrastructure Agency
Murray, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Utah Infrastructure Agency (UIA) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise UIA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of UIA as of June 30, 2018, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of UIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UIA's internal control over financial reporting and compliance.

Keddington & Christensen

Salt Lake City, Utah
December 3, 2018

UTAH INFRASTRUCTURE AGENCY MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The following is a discussion and analysis of the Utah Infrastructure Agency (UIA) financial activities for the fiscal year ending June 30, 2018.

Description of Business

The Utah Infrastructure Agency (UIA) is a political subdivision of the State of Utah and was created in June 2010. Nine cities created the agency (Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, Orem City, Payson City and West Valley City).

The UIA network is a fiber optic network providing high-speed broadband voice, video and data access. This network includes fiber optic lines, transmitters, power sources and backups, switches and access portals. The network operates as a wholesale network, under an open-access model, which is available to all qualified service providers. The open-access aspect means subscribers—both residents and businesses—have real choice for their broadband needs and can choose the provider and options that work best for them. Eight of the member cities (all except Payson City) pledged franchise tax revenues as partial loan guarantees in order to secure financing for the network.

The UIA network is connected to the UTOPIA fiber optic network pursuant to an Indefeasible Right of Use Agreement (IRU) between UIA and UTOPIA, which grants UIA access to certain facilities of and capacity in the UTOPIA network. The UTOPIA network provides telecommunications services, support and management services as well as crucial infrastructure for the UIA network. The synergy provided by UIA's partnership with UTOPIA allows both organizations to provide their citizens a state-of-the-art broadband network. The project is facilitating economic development throughout UTOPIA member cities. Where the network is completed, residents and businesses have access to the fastest internet in the country.

Twenty five service providers—including First Digital, SumoFiber, Veracity, Windstream, and XMission,—were actively providing services and a total of 19,905 homes and businesses had subscribed to services at year end on the UTOPIA/UIA network. Future growth of the network will be largely demand-based, bringing the network first to those areas that will bring the best return on investment. UIA continues to make significant progress towards the project's original mission: to build and maintain a fiber network to service all of the businesses and residents in UTOPIA's member cities.

As of the end of June, 2018, more than 3,413 miles of fiber cable have been placed within the boundaries of the eleven members cities. Within footprints serviced by 158 hut sites, there are approximately 98,000 addresses, of which approximately 81,000 are able to receive services. The remaining addresses are located in apartment buildings, condominium developments, or in areas isolated by right-of-way or pole access issues.

**UTAH INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Highlights

Financial highlights include:

- UIA's recurring operating revenues increased \$1,586,000 from the prior year.
- Operating profit (EBITDA) for the year was \$634,000 higher than the prior year.

Overview of Financial Statements

The financial statements included in this report have been prepared in compliance with generally accepted accounting principles. The balance sheet provides information about the Agency's resources and obligations at year end. The statement of revenues, expenses and changes in net position presents the results of business activities during the course of the year. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational and investing activities. Notes to the financial statements provide required disclosures and other information that are essential to the full understanding of material data provided in the statements. The notes present information about UIA's accounting policies, significant account balances, obligations, commitments, contingencies and subsequent events.

Operating revenues of \$10.6 million exceeded budget by about \$52,000. Total operating expense (expenses excluding interest and depreciation) was \$7,000 below budget. Operating profit (EBITDA) for the year was \$157,000 better than budgeted. The net profit for the year was \$173,000, which was better than budget by \$1.0 million.

Table 1 - Summary of the Agency's Statement of Net Position.

	2018	2017
Current and other assets	\$ 22,969,122	\$ 20,851,428
Capital assets	69,146,758	53,105,833
Total Assets	92,115,880	73,957,261
Deferred outflows of resources	5,155,878	-
Total Assets	97,271,758	73,957,261
Current and other liabilities	6,101,569	3,962,297
Long-term liabilities outstanding	86,397,084	65,394,455
Total Liabilities	92,498,653	69,356,752
Net investment in capital assets	(5,540,482)	2,076,379
Restricted	9,745,717	8,373,657
Unrestricted	567,870	(5,849,527)
Net Position	\$ 4,773,105	\$ 4,600,509

**UTAH INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Table 2 - Summary of the Agency's Statement of Revenues, Expenses and Changes in Fund Net Position

	2018	2017
Revenues:		
Operating revenues	\$ 10,641,815	\$ 9,055,560
Interest income	528,398	491,518
Other revenues	999,424	376,682
Total Revenues	12,169,637	9,923,760
Expenditures:		
Marketing	509,695	323,884
Professional services	716,775	138,352
Network operations	1,404,954	704,047
Depreciation	4,469,316	3,549,885
Bond interest and fees	4,506,128	2,774,126
Loss on disposal of assets	390,173	-
Total Expenditures	11,997,041	7,490,294
Change in net position	172,596	2,433,466
Total net position, beginning of year	4,600,509	2,167,043
Total net position, end of year	\$ 4,773,105	\$ 4,600,509

Capital Assets and Debt Administration

UIA's capital assets, net of depreciation, were \$69.1 million. Types of assets include outside plant (fiber and conduit), inside plant (electronics), customer premise equipment, construction in progress and a capitalized lease (IRU).

As of June 30, 2018, UIA's outstanding debt amounted to \$89.6 million. This is comprised of the revenue bonds and the capitalized IRU note payable.

**UTAH INFRASTRUCTURE AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Table 3 - Summary of UIA's Capital Assets at June 30, 2018:

	<u>2018</u>	<u>2017</u>
Construction in progress	\$ 3,246,486	\$ 749,640
Land	500,000	500,000
Building	2,005,882	2,080,773
Furniture and equipment	281,272	687,599
Outside plant	36,789,870	26,305,279
Inside plant	2,611,468	2,468,854
Customer premise equipment	10,505,107	6,379,936
Intangible right	13,206,673	13,933,752
	<u>\$ 69,146,758</u>	<u>\$ 53,105,833</u>

Table 4 - Summary of UIA's Debt at June 30, 2018:

	<u>2018</u>	<u>2017</u>
Revenue bonds payable	\$ 84,908,232	\$ 62,236,416
Capital leases	1,012,403	1,652,574
Notes payable	3,718,636	3,835,636
	<u>\$ 89,639,271</u>	<u>\$ 67,724,626</u>

Contacting UIA's Financial Management

This financial report is designed to provide interested readers with a general overview of UIA's financial position and to demonstrate accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Utah Infrastructure Agency, 5858 S 900 E Murray, UT 84121.

BASIC FINANCIAL STATEMENTS

**UTAH INFRASTRUCTURE AGENCY
STATEMENT OF NET POSITION
June 30, 2018**

Assets

Current Assets:

Cash	\$ 5,447,838
Trade receivables, net	1,100,484
Inventory	2,579,451
Prepaid expenses	5,553
Notes receivable	236,173
Restricted cash equivalents	<u>4,504,137</u>
Total Current Assets	<u>13,873,636</u>

Noncurrent assets:

Restricted cash equivalents	6,004,053
Notes receivable	3,091,433
Capital Assets:	
Construction in progress	3,246,486
Land	500,000
Assets, net of accumulated depreciation:	
Building	1,975,882
Furniture and equipment	286,030
Fiber optic network	<u>63,138,360</u>
Total Noncurrent Assets	<u>78,242,244</u>

Total Assets	<u>92,115,880</u>
---------------------	-------------------

Deferred Outflows of Resources

Deferred charge on refunding	<u>5,155,878</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 97,271,758</u>

The accompanying notes are an integral part of these financial statements.

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF NET POSITION (Continued)
June 30, 2018

Liabilities

Current Liabilities:

Accounts payable	\$ 1,931,760
Accrued liabilities	140,074
Interest payable from restricted assets	762,473
Capital leases payable	647,187
Revenue bonds payable	2,595,000
Unearned revenue	<u>25,075</u>
Total Current Liabilities	<u>6,101,569</u>

Noncurrent Liabilities:

Capital leases payable	365,216
Note payable	3,718,636
Revenue bonds payable	<u>82,313,232</u>
Total Noncurrent Liabilities	<u>86,397,084</u>

Total Liabilities

92,498,653

Net Position

Net Investment in capital assets	(5,540,482)
Restricted for:	
Debt service	9,672,253
Future development	73,464
Unrestricted	<u>567,870</u>
Total Net Position	<u>4,773,105</u>

Total Liabilities and Net Position

\$ 97,271,758

The accompanying notes are an integral part of these financial statements.

UTAH INFRASTRUCTURE AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2018

Operating Revenues:	
Access fees	\$ 8,111,854
Installations	14,699
Reconnections	2,373,662
Miscellaneous operating revenue	<u>141,600</u>
Total Operating Revenues	<u>10,641,815</u>
Operating Expenses:	
Marketing	509,695
Professional services	716,775
Network	1,404,954
Depreciation	<u>4,469,316</u>
Total Operating Expenses	<u>7,100,740</u>
Operating Income	<u>3,541,075</u>
Nonoperating Revenues (Expenses):	
Interest income	528,398
Installation related capital contributions	452,541
Donated services from UTOPIA	546,883
Bond interest and fees	(4,506,128)
Loss on disposal of assets	<u>(390,173)</u>
Total Nonoperating Revenues (Expenses)	<u>(3,368,479)</u>
Change In Net Position	172,596
Total Net Position, Beginning of Year	<u>4,600,509</u>
Total Net Position, End of Year	<u>\$ 4,773,105</u>

The accompanying notes are an integral part of these financial statements.

**UTAH INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018**

Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 10,609,922
Payments to suppliers	<u>(6,106,017)</u>
Net cash provided by operating activities	<u>4,503,905</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of capital assets	(16,535,931)
Proceeds from installations	510,042
Bond interest and fees	(4,472,843)
Proceeds from issuance of new bonds	85,084,614
Principal paid on bonds	(1,690,000)
Deposit into escrow for debt refunding	(66,288,255)
Payment of note payable	(218,129)
Principal paid on capital leases payable	<u>(655,000)</u>
Net cash used by capital and related financing activities	<u>(4,265,502)</u>
Cash Flows From Non-Capital Financing Activity:	
Proceeds from notes payable addition	<u>33,469</u>
Net cash provided by non-capital financing activity	<u>33,469</u>
Cash Flows From Investing Activity:	
Interest income	<u>528,398</u>
Net cash provided by investing activity	<u>528,398</u>
Net Increase in Cash and Cash Equivalents	800,270
Cash and Cash Equivalents, Beginning of Year	<u>15,155,758</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 15,956,028</u></u>

The accompanying notes are an integral part of these financial statements.

**UTAH INFRASTRUCTURE AGENCY
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2018**

Reconciliation of operating loss to net cash from operating activities:

Operating income	\$ 3,541,075
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	4,469,316
Donated services from UTOPIA	546,883
(Increase) decrease in assets related to operations	
Trade receivables, net	(88,931)
Prepaid expenses	11,657
Inventory	(4,367,683)
Note receivable related to operating revenues	41,639
Increase (decrease) in liabilities related to operations	
Accounts payable	263,295
Accrued liabilities	71,255
Unearned Revenue	15,399
	<hr/>
Net Cash Provided by Operating Activities	\$ 4,503,905

Supplemental Information

Noncash Investing, Capital, and Financing Activities:

Inventory additions to capital assets	\$ 2,734,504
Capitalized interest addition to capital assets	92,734
Accrued interest addition to notes payable	67,660

The accompanying notes are an integral part of these financial statements.

UTAH INFRASTRUCTURE AGENCY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

Utah Infrastructure Agency (UIA), a separate legal entity and political subdivision of the State of Utah, was formed on July 29, 2010, by an Interlocal Cooperative Agreement pursuant to the provisions of the Utah Interlocal Cooperation Act. UIA's Interlocal Cooperative Agreement has a term of five years, and is renewable every year thereafter. UIA consists of nine member-cities (eight pledging and one non-pledging) at June 30, 2018. UIA's purpose is to design, finance, build, operate, and maintain an open, wholesale, public telecommunication infrastructure that has the capacity to deliver high-speed connections to every home and business in the member communities.

In evaluating how to define UIA for financial reporting purposes, management has considered all potential component units. The decision as to whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether UIA is able to exercise oversight responsibilities. UIA does not have any component units, nor is it a component unit of any primary government.

The following is a summary of the more significant policies.

Financial Statement Presentation and Basis of Accounting

UIA prepares its financial statements on an enterprise fund basis, using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with UIA's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating.

Restricted Assets

UIA maintains investments held by financial institutions for safekeeping of funds relating to service reserves and to fund capital assets. When both restricted and unrestricted assets are available, it is UIA's policy to use restricted assets first, then unrestricted assets as they are needed.

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. UIA reports a deferred charge on refunding in this category.

Property and Equipment

Property and equipment are stated at cost, which includes capitalization of interest costs incurred during construction. Normal maintenance and repair expenses that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed asset. The net book value of property sold or otherwise disposed of is removed from the property and accumulated depreciation accounts and the resulting gain or loss is included as nonoperating revenues or expenses. Depreciation of property and equipment was computed using the straight-line method over the following estimated useful lives:

Outside plant and certain customer premise equipment	25 years
Office furniture and equipment and vehicles	3-5 years
Intangible rights	25 years

Depreciation of inside plant and certain customer premise equipment was computed using an accelerated method over a six-year life.

Cash and Cash Equivalents

UIA considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For purposes of the statement of cash flows, cash and cash equivalents are defined as the cash accounts and the restricted cash equivalent accounts. Investments, in the form of accounts invested with the Utah Public Treasurer's Investment Fund (the State Treasurer's Pool) of UIA are stated at cost, which approximates fair value.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is UIA's best estimate of the amount of probable credit losses in the existing accounts receivable. UIA has reserved \$188,502 of accounts receivable.

Inventories

Inventories are stated at cost using the first-in first-out method.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is generally recorded when the service has been provided, and profit is recognized at that time. Revenues are reported net of bad debt expense. Total bad debt expense related to revenues of the current period is \$0.

NOTE 2 CASH AND INVESTMENTS

UIA's deposit and investment policy is to follow the Utah Money Management Act. However, UIA does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which UIA is exposed.

Utah State law requires that UIA's funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for UIA and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2018, UIA had the following deposits and investments, stated at carrying amount, which approximates fair value:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit	\$ 831,690
Investments in Utah Public Treasurer Investment Funds	<u>15,124,338</u>
	<u>\$ 15,956,028</u>

Cash on Deposit:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, UIA's deposits may not be returned to it. As of June 30, 2018, \$1,736,761 of the \$1,986,761 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized. UIA has no policy to manage this type of risk.

Investment in Utah Public Treasurer's Investment Funds (PTIF):

The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest rate risk. The risk that changes in the interest rate will have an adverse effect on the fair value of an investment. UIA's investments in PTIF are not subject to interest rate risk.

Credit risk. This is the risk that an issuer or other counter party to an investment will not fulfill its obligations. As of June 30, 2018 the PTIF in which UIA has investments were unrated.

Concentration of credit risk. This is the risk of loss attributable to the magnitude of UIA's investment in a single issuer. UIA's investment in PTIF is not subject to a concentration of credit risk.

Custodial credit risk – investments. This is the risk that, in the event of the failure of the counterparty to a transaction, UIA will not be able to recover the value of its investments that are in the possession of an outside party. UIA's investment in PTIF has no custodial credit risk.

UIA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurements of UIA's investments in PTIF at June 30, 2018, or \$15,181,628 are based on significant other observable inputs (Level 2 inputs).

NOTE 3 PROPERTY AND EQUIPMENT

The following summarizes UIA's property and equipment as of June 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in progress	749,640	2,496,846	-	3,246,486
Total capital assets, not being depreciated	1,249,640	2,496,846	-	3,746,486
Capital assets, being depreciated:				
Building	2,122,279	-	-	2,122,279
Furniture and equipment	687,599	234,783	(585,260)	337,122
Outside plant	30,828,753	11,947,211	-	42,775,964
Inside plant	6,108,983	1,503,940	-	7,612,923
Customer premise equipment	8,152,429	4,717,634	(409,681)	12,460,382
Intangible right	18,176,964	-	-	18,176,964
Total capital assets, being depreciated	\$ 66,077,007	\$ 18,403,568	\$ (994,941)	\$ 83,485,634

UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 PROPERTY AND EQUIPMENT (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation:				
Building	\$ (41,506)	\$ (74,891)	\$ -	\$ (116,397)
Furniture and equipment	-	(250,937)	195,087	(55,850)
Outside plant	(4,523,474)	(1,462,620)	-	(5,986,094)
Inside plant	(3,640,129)	(1,361,326)	-	(5,001,455)
Customer premise equipment	(1,772,493)	(592,463)	409,681	(1,955,275)
Intangible right	(4,243,212)	(727,079)	-	(4,970,291)
Total accumulated depreciation	(14,220,814)	(4,469,316)	604,768	(18,085,362)
Total capital asset, net of accumulated depreciation	51,856,193	13,934,252	(390,173)	65,400,272
Property and Equipment, net	\$ 53,105,833	\$ 16,431,098	\$ (390,173)	\$ 69,146,758

Depreciation expense of \$4,469,316 was charged to operating expense for the year ended June 30, 2018.

NOTE 4 LONG-TERM DEBT

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2018.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds					
Series 2017A	\$ -	\$ 73,905,000	\$ -	\$ 73,905,000	\$ 2,145,000
Series 2017B	-	3,500,000	-	3,500,000	450,000
Series 2011A	21,095,000	-	(21,095,000)	-	-
Series 2011B	4,860,000	-	(4,860,000)	-	-
Series 2013	10,375,000	-	(10,375,000)	-	-
Series 2015	23,690,000	-	(23,690,000)	-	-
Plus: Unamortized Premiums	2,216,416	7,679,614	(2,392,798)	7,503,232	-
Total Revenue Bonds	62,236,416	85,084,614	(62,412,798)	84,908,232	2,595,000
Capital Leases					
UTOPIA IRU	1,652,574	-	(640,171)	1,012,403	647,187
Total Capital Leases	1,652,574	-	(640,171)	1,012,403	647,187
Notes Payable					
Pledging Members	3,699,438	67,660	(211,105)	3,555,993	-
Tremonton Note	136,198	33,469	(7,024)	162,643	-
Total Notes Payable	3,835,636	101,129	(218,129)	3,718,636	-
Total Long-Term Debt	\$ 67,724,626	\$ 85,185,743	\$ (63,271,098)	\$ 89,639,271	\$ 3,242,187

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 4 LONG-TERM DEBT (Continued)

Revenue Bonds

Tax-exempt Telecommunications Revenue and Refunding Bonds, Series 2017A, original issue of \$73,905,000, principal payments due in annual installments beginning October 15, 2018, interest payments due semi-annually at 2.0% to 5.0%, with the final payment due October 15, 2040. The bonds were issued to refund the Series 2011A, 2013, and 2015 Bonds and obtain additional funding for infrastructure. \$ 73,905,000

Taxable Telecommunication Revenue Refunding Bonds, Series 2017B, original issue of \$3,500,000, principal payments due in annual installments beginning October 15, 2018, interest payments due semi-annually at 3.50% with the final payment due October 15, 2023. The bonds were issued to refund the Series 2011B Bonds. 3,500,000

Total Revenue Bonds 77,405,000

Less current portion (2,595,000)

Noncurrent portion \$ 74,810,000

The following summarizes UIA's revenue bonds debt service requirements as of June 30, 2018:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,595,000	\$ 3,642,125	\$ 6,237,125
2020	2,195,000	3,586,575	5,781,575
2021	2,250,000	3,525,125	5,775,125
2022	2,315,000	3,436,600	5,751,600
2023	2,425,000	3,327,400	5,752,400
2024-2028	13,050,000	14,812,625	27,862,625
2029-2033	16,405,000	11,172,625	27,577,625
2034-2038	20,925,000	6,528,375	27,453,375
2039-2041	15,245,000	1,168,125	16,413,125
	<u>\$ 77,405,000</u>	<u>\$ 51,199,575</u>	<u>\$ 128,604,575</u>

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 4 LONG-TERM DEBT (Continued)

Revenue Bonds (Continued)

Advanced Refunding/Defeasance of Debt in the Current Year

As noted above, a portion of the Series 2017A Bonds were used to advance refund the Series 2011A, Series 2013, and Series 2015 Bonds and the Series 2017B Bonds were used to advance refund the Series 2011B Bonds. The refunding increased UIA's total debt service by \$12,919,685 and resulted in an economic loss (difference between the present value of the debt service on the old and new bonds) of \$3,892,766. The net proceeds from the Series 2017A and Series 2017B Bonds (collectively, the Series 2017 Bonds) used for the refunding totaled \$64,802,106 and together with an equity contribution from UIA in the amount of \$1,486,149 were placed in a trust account with Zions Bank, the escrow agent for the defeasance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in UIA's financial statements. At June 30, 2018, \$58,330,000 of the bonds remained outstanding and are considered defeased.

The escrow agent is authorized to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of the United States of America (Government Securities) and establish a beginning cash balance for future debt service payments on the refunded bonds. The escrow agent is not authorized to sell, transfer, or otherwise dispose of or make substitutions of the Government Securities without UIA's authorization. No substitutions were requested as of June 30, 2018.

Capital Lease

Capital leases consist of the following:

UIA is obligated under a lease for the use of a fiber optic network from Utah Telecommunications Open Infrastructure Agency (UTOPIA), a related party. The terms and options contained in the lease have effectively created a financing arrangement, so UIA is required to record this transaction as a capital lease. Terms of the lease were renegotiated in December 2013. Lease payments of \$54,583 are paid monthly beginning December 2013 including imputed interest at 1.09%. The capitalized cost of fiber optic network is \$18,176,963, with accumulated depreciation of \$4,970,291.

	\$ 1,012,403
Total Capital Lease	1,012,403
Less current portion	(647,187)
Noncurrent portion	\$ 365,216

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 4 LONG-TERM DEBT (Continued)

Minimum lease payments for the years ending June 30 are as follows:

2019	\$ 655,000
2020	<u>366,502</u>
Total minimum lease payments	1,021,502
Less discount, representing imputed interest	<u>(9,099)</u>
Present value of net minimum lease payments	<u>\$ 1,012,403</u>

NOTE 5 RELATED PARTY AND COMMITMENTS AND CONTRACTS

Related Party

Management has determined that UIA and UTOPIA are related parties. During the year UTOPIA charged UIA a management fee of \$539,945 for administration, accounting/finance, marketing, customer service and outside plant performed on behalf of UIA. Management estimated the actual value of those services to be \$1,086,828. The donated services are recorded on the income statement. Since UIA's inception in 2011, UTOPIA has donated management services to UIA valued at approximately \$4,100,000.

UIA also leases a building to UTOPIA under an operating lease agreement entered into on May 1, 2017. The term of the lease is five years with a one-year auto renewal. Payments received from UTOPIA for rent totaled \$141,600 for the year ended June 30, 2018.

Interlocal Cooperative Agreement

UIA has entered into an Interlocal Cooperative Agreement with UTOPIA, wherein UIA will pay UTOPIA for network configuration, operation, and maintenance fees. The amount of the fees is determined based on the number of connections, subscribers, and services performed. The agreement is renewed annually. UIA recorded expenditures to UTOPIA of \$862,823 for the year ended June 30, 2018. Since UIA's inception in 2011, UIA has paid a total of approximately \$3,100,000 to UTOPIA for services related to the Interlocal Cooperative Agreement.

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 PLEDGING MEMBERS LIABILITY AND COMMITMENTS

The eight Pledging Members of UIA have pledged energy sales and use tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements. UIA is required by the Series 2017 A & B bond covenants to have revenue equal to the operations and maintenance expenses and the capital costs in a fiscal year. In the event there is a shortfall, the pledging cities agree to lend its energy sales and use tax revenues in the maximum annual principal allocated to each city as set forth below:

Pledging Member	2018 Share of Total Max. Pledge	2018 Maximum Pledge *
Brigham City	0.62%	\$ 31,831
Centerville City	3.63%	186,737
Layton City	18.20%	937,272
Lindon City	3.35%	172,516
Midvale City	6.60%	339,988
Murray City	13.40%	690,241
Orem City	23.76%	1,223,786
West Valley City	30.44%	1,568,781
	100.00%	\$ 5,151,152

* These amounts are the estimated maximum annual amount of franchise tax revenue payable by each city.

The Second Amended and Restated Interlocal Cooperative Agreement of UIA provides that the UIA Board of Directors may establish Working Capital Assessments to the Member Cities, the payment of which is subject to the appropriations authority of the governing bodies of the Member Cities. UIA has utilized this mechanism to pay certain operating expenses in order to avoid a shortfall under the Communications Services Contracts between UIA and the Member Cities. Under a shortfall scenario, UIA would be obligated to notify the Member Cities of their respective obligations to utilize Energy Sales and Use Taxes to replenish the shortfall. Provided enough cities pay their Working Capital Assessments, no shortfall exists and therefore, no obligation from Energy Sales and Use Taxes. The paid assessments, along with cumulative accrued interest of \$153,326 for a total of \$3,555,993, have been recorded as notes payable to the cities. For the year ended June 30, 2018, UIA paid a total of \$211,105 back to the cities that were current on their assessments.

**UTAH INFRASTRUCTURE AGENCY
NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 6 PLEDGING MEMBERS LIABILITY AND COMMITMENTS (Continued)

The schedule below summarizes the cumulative totals paid by the cities:

<u>City</u>	<u>2018 OpEx Assessments Paid</u>	<u>Cumulative Paid</u>	<u>2018 Payments to Cities</u>	<u>Cumulative Remaining</u>
Brigham City	\$ -	\$ 34,824	\$ (9,310)	\$ 25,514
Centerville City	-	221,373	-	221,373
Layton City	-	623,750	(46,471)	577,279
Lindon City	-	118,155	-	118,155
Midvale City	-	307,486	(16,858)	290,628
Murray City	-	141,666	-	141,666
Orem City	-	1,099,242	(60,680)	1,038,562
Payson	-	50,000	-	50,000
West Valley City	-	1,017,276	(77,786)	939,490
	<u>\$ -</u>	<u>\$ 3,613,772</u>	<u>\$ (211,105)</u>	<u>\$ 3,402,667</u>

NOTE 7 SUBSEQUENT EVENTS

On July 11, 2018, UIA issued \$21,810,000 of Telecommunications Revenue Bonds, Series 2018A to fund the acquisition, construction, and installation of the fiber-optic network. Principal payments on the bonds are due in annual installments of \$550,000 to \$1,635,000 beginning in 2020 through 2041, with interest at 5 to 5.375% due semi-annually beginning in 2019.

On August 15, 2018, UIA issued \$22,285,000 of Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018 to fund the acquisition, construction, and installation of the fiber-optic network in Layton City. Principal payments on the bonds are due in annual installments of \$150,000 to \$1,515,000 beginning in 2022 through 2045, with interest at 3 to 5% due semi-annually beginning in 2019.

UTAH INFRASTRUCTURE AGENCY

SUPPLEMENTARY REPORTS

JUNE 30, 2018

**UTAH INFRASTRUCTURE AGENCY
SUPPLEMENTARY REPORTS
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance and Report on Internal Control Over Compliance as Required by the <i>State Compliance Audit Guide</i>	3



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Utah Infrastructure Agency
Murray, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Utah Infrastructure Agency (UIA), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise UIA's basic financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UIA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UIA's internal control. Accordingly, we do not express an opinion on the effectiveness of UIA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of UIA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keddington & Christensen

Salt Lake City, Utah

December 3, 2018



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE AS REQUIRED BY THE STATE
COMPLIANCE AUDIT GUIDE**

To the Board of Directors
Utah Infrastructure Agency
Murray, Utah

Report on Compliance

We have audited the Utah Infrastructure Agency's (UIA) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on UIA for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018, in the following areas:

Budgetary Compliance	Treasurer's Bond
Fund Balance	Cash Management
Open and Public Meetings Act	

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on UIA's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about UIA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of UIA's compliance with those requirements.

Opinion on Compliance

In our opinion, UIA complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of UIA is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered UIA's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expression an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of UIA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen

Salt Lake City, Utah
December 3, 2018

APPENDIX B

FORM OF THE INDENTURE

[THIS PAGE INTENTIONALLY LEFT BLANK]

GENERAL INDENTURE OF TRUST

Dated as of April 1, 2019

by and between

UTAH INFRASTRUCTURE AGENCY,

as Issuer

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,

as Trustee

TABLE OF CONTENTS

Page

ARTICLE I DEFINITIONS	3
Section 1.1 Definitions.....	3
Section 1.2 Indenture to Constitute Contract.....	14
Section 1.3 Construction.....	14
ARTICLE II THE BONDS.....	15
Section 2.1 Authorization of Bonds.....	15
Section 2.2 Description of Bonds; Payment	15
Section 2.3 Execution; Limited Obligation	16
Section 2.4 Perfection of Security Interest	17
Section 2.5 Authentication and Delivery of Bonds	17
Section 2.6 Mutilated, Lost, Stolen or Destroyed Bonds.....	19
Section 2.7 Registration of Bonds; Persons Treated as Owners.....	19
Section 2.8 Redemption Provisions.....	20
Section 2.9 Notice of Redemption.....	20
Section 2.10 Partially Redeemed Fully Registered Bonds.....	22
Section 2.11 Cancellation.....	22
Section 2.12 Nonpresentation of Bonds.....	22
Section 2.13 Initial Bonds.....	23
Section 2.14 Issuance of Priority Bonds.....	23
Section 2.15 Issuance of Additional Bonds.....	23
Section 2.16 Form of Bonds.....	23
Section 2.17 Covenant against Creating or Permitting Liens.....	23
ARTICLE III CREATION OF FUNDS AND ACCOUNTS	24
Section 3.1 Creation of Construction Fund.....	24
Section 3.2 Creation of Revenue Fund.....	24
Section 3.3 Creation of Bond Fund.....	24
Section 3.4 Creation of Sinking Fund Account	24
Section 3.5 Creation of Debt Service Reserve Fund.....	24
Section 3.6 Creation of Reserve Instrument Fund.....	24
Section 3.7 Creation of Repair and Replacement Fund.....	24
Section 3.8 Creation of Rebate Fund.....	24
Section 3.9 Creation of Funds and Accounts.....	24
ARTICLE IV APPLICATION OF BOND PROCEEDS	25
ARTICLE V USE OF FUNDS	25
Section 5.1 Use of Construction Fund.....	25
Section 5.2 Application of Revenues.....	26
Section 5.3 Use of Bond Fund.....	28
Section 5.4 Use of Sinking Fund Account.....	29
Section 5.5 Use of Debt Service Reserve Fund.....	30
Section 5.6 Use of Reserve Instrument Fund.....	31
Section 5.7 Use of Repair and Replacement Fund.....	31
Section 5.8 Use of Rebate Fund.....	31
Section 5.9 Investment of Funds.....	32

Section 5.10	Trust Funds.....	33
Section 5.11	Method of Valuation and Frequency of Valuation.....	33
ARTICLE VI GENERAL COVENANTS.....		33
Section 6.1	General Covenants.....	33
Section 6.2	First Lien Bonds; Equality of Liens.....	34
Section 6.3	Payment of Principal and Interest.....	35
Section 6.4	Performance of Covenants; Issuer.....	35
Section 6.5	List of Bondholders.....	35
Section 6.6	Designation of Additional Paying Agents.....	35
Section 6.7	Expedition Construction.....	36
Section 6.8	Management of Assets.....	36
Section 6.9	Use of Legally Available Moneys.....	36
Section 6.10	Payment of Taxes and Other Charges.....	36
Section 6.11	Insurance.....	36
Section 6.12	Instruments of Further Assurance.....	36
Section 6.13	Covenant Not to Sell.....	37
Section 6.14	Collection of Delinquent City Fees and Hook-Up Lease Revenues.....	37
Section 6.15	Annual Budget.....	37
ARTICLE VII EVENTS OF DEFAULT; REMEDIES.....		38
Section 7.1	Events of Default.....	38
Section 7.2	Remedies; Rights of Registered Owners.....	39
Section 7.3	Right of Registered Owners to Direct Proceedings.....	40
Section 7.4	Application of Moneys.....	40
Section 7.5	Remedies Vested in Trustee.....	41
Section 7.6	Rights and Remedies of Registered Owners.....	41
Section 7.7	Termination of Proceedings.....	42
Section 7.8	Waivers of Events of Default.....	42
Section 7.9	Cooperation of Issuer.....	43
ARTICLE VIII THE TRUSTEE.....		43
Section 8.1	Acceptance of the Trusts.....	43
Section 8.2	Fees, Charges and Expenses of Trustee.....	45
Section 8.3	Notice to Registered Owners if Event of Default Occurs.....	45
Section 8.4	Intervention by Trustee.....	45
Section 8.5	Successor Trustee.....	46
Section 8.6	Resignation by the Trustee.....	46
Section 8.7	Removal of the Trustee.....	46
Section 8.8	Appointment of Successor Trustee; Temporary Trustee.....	46
Section 8.9	Concerning Any Successor Trustee.....	47
Section 8.10	Trustee Protected in Relying Upon Indenture, Etc.....	47
Section 8.11	Successor Trustee as Trustee, Paying Agent and Bond Registrar.....	47
Section 8.12	Trust Estate May Be Vested in Separate or Co-Trust.....	47
Section 8.13	Annual Accounting.....	48
Section 8.14	Indemnification.....	48
Section 8.15	Trustee's Right to Own and Deal in Bonds.....	48
ARTICLE IX SUPPLEMENTAL INDENTURES.....		48

Section 9.1	Supplemental Indentures Not Requiring Consent of Registered Owners, and Reserve Instrument Providers.....	48
Section 9.2	Supplemental Indentures Requiring Consent of Registered Owners, Security Instrument Issuers, and Reserve Instrument Providers; Waivers and Consents by Registered Owners.....	50
Section 9.3	Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel.....	50
Section 9.4	Opinion of Counsel for Supplemental Indentures.....	50
ARTICLE X DISCHARGE OF INDENTURE.....		51
ARTICLE XI MISCELLANEOUS.....		52
Section 11.1	Consents, Etc., of Registered Owners.....	52
Section 11.2	Limitation of Rights.....	53
Section 11.3	Severability.....	53
Section 11.4	Notices.....	53
Section 11.5	Trustee as Paying Agent and Registrar.....	53
Section 11.6	Counterparts.....	53
Section 11.7	Applicable Law.....	53
Section 11.8	Immunity of Officers and Directors.....	53
Section 11.9	Holidays.....	53
Section 11.10	Effective Date.....	53
Section 11.11	Compliance with Act.....	54
EXHIBIT A FORM OF REQUISITION.....		1

B-2

THIS GENERAL INDENTURE OF TRUST dated as of April 1, 2019, by and between the UTAH INFRASTRUCTURE AGENCY (the "Issuer"), an interlocal cooperative and separate legal entity, body politic and corporate and a political subdivision of the State of Utah, duly organized and existing under the Constitution and laws of the State of Utah, and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its principal corporate trust office in Salt Lake City, Utah, as trustee (the "Trustee"),

WITNESSETH:

WHEREAS, the Issuer is a separate legal entity, body politic and corporate and a political subdivision of the State of Utah regularly created, established, organized and existing under and by virtue of the provisions of the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Act") and of the Constitution of the State of Utah; and

WHEREAS, pursuant to the Interlocal Act, certain municipalities within the State of Utah, organized the Issuer to finance the acquisition, construction, and installation of fiber optic lines, connection lines and related improvements and facilities (the "Network"); and

WHEREAS, the Issuer has determined that there is excess capacity in the Network and desires to provide capacity in the Network to Morgan City, Utah (the "City"); and

WHEREAS, the City has determined that there is a need within the City to provide services afforded by the Network (the "Connection Services") to its residents; and

WHEREAS, the Issuer and the City have entered into a Service Contract (as herein defined) to provide Connection Services to the City; and

WHEREAS, pursuant to said Service Contract, the Issuer intends to obtain Revenues (as herein defined) sufficient to pay debt service on the Bonds (as herein defined); and

WHEREAS, the Revenues will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Initial Bonds (as herein defined) and the Issuer desires to pledge said Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Interlocal Act and/or the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (the "Refunding Bond Act," and collectively with the Interlocal Act, the "Act"), the Issuer is authorized to issue bonds of the type described herein and to have said bonds payable from a special fund into which the Revenues of the Issuer may be pledged;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof, the issuance by the Security Instrument Issuers from time to time of Security Instruments and the issuance by Reserve Instrument Providers from time to time of Reserve Instruments, and in order

to secure the payment of the principal of and premium, if any, and interest on the Bonds, of all Security Instrument Repayment Obligations according to their tenor and effect and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds, in all Security Instrument Agreements and in all Reserve Instrument Agreements, the Issuer does hereby convey, assign and pledge unto the Trustee and unto its successors in trust forever all right, title and interest of the Issuer in and to (a) the Revenues, (b) the Service Contract, (c) all moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund), and (d) all other rights hereinafter granted, first, for the further securing of the Bonds and all Security Instrument Repayment Obligations, and second, for the further security of all Reserve Instrument Repayment Obligations, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors and assigns in such trust forever;

IN TRUST NEVERTHELESS, upon the terms and trust set forth in this Indenture, FIRST, for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued pursuant to and secured by this Indenture and all Security Instrument Issuers without privilege, priority or distinction as to the lien or otherwise of any Bond or Security Instrument Issuer over any other by reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Indenture; and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distinction as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and premium, if any, on the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, all Security Instrument Repayment Obligations, according to the true intent and meaning thereof and all Reserve Instrument Repayment Obligations, according to the true intent and meaning thereof, or shall provide, as permitted by this Indenture, for the payment thereof as provided in Article X hereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payments or provisions for such payments by the Issuer, this Indenture, and the rights hereby granted, shall terminate; otherwise this Indenture shall remain in full force and effect.

The terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who from time to time shall be or become Registered Owners thereof, and the trusts and conditions upon which the Revenues are to be held and disposed, which said trusts and conditions the Trustee hereby accepts, are as follows:

ARTICLE I
DEFINITIONS

Section 1.1 **Definitions.** As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

"Accreted Amount" means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds, as established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds.

"Act" collectively means, as applicable, the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code.

"Additional Bonds" means all Bonds issued under Section 2.15 of this Indenture, other than the Initial Bonds, which are secured by a pledge of the Revenues on a parity with the pledge of Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations herein authorized.

"Administrative Costs" means all Security Instrument Costs and Reserve Instrument Costs.

"Aggregate Annual Debt Service Requirement" means the total Debt Service (including any Repayment Obligations) for any one Bond Fund Year (or other specific period) on all Series of Bonds Outstanding or any specified portion thereof.

"Allocated Electrical Fee Revenues" means the Electrical Fee Revenues allocated to pay the City's obligations under the Service Contract in an amount up to \$90,360 annually.

"Allocated Sales Tax Revenue" means the Sales Tax Revenue allocated to pay the City's obligations under the Service Contract in an amount up to \$90,360 annually.

"Authorized Amount" means, with respect to a Commercial Paper Program, the maximum Principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

"Authorized Representative" means the Chair, any Vice Chair, or Secretary, Treasurer, Chief Executive Officer, or any other officer of the Issuer so designated in writing by the Issuer to the Trustee.

"Bond Fund" means the UJA-Morgan Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof

"Bond Fund Year" means the 12-month period beginning October 16 of each year and ending on the next succeeding October 15, except that the first Bond Fund Year shall begin on the date of delivery of the Initial Bonds and shall end on the next succeeding October 15.

"Bondholder," "Bondowner," "Registered Owner," or "Owner" means the registered owner of any Bonds herein authorized according to the registration books of the Issuer maintained by the Trustee as Registrar.

"Bonds" means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to this Indenture, including the Initial Bonds and any Additional Bonds.

"Business Day" means any day (a) (i) on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York City or in the city in which the Trustee has its Principal Corporate Trust Office or, with respect to a related Series of Bonds, in the city in which any Security Instrument Issuer has its principal office for purposes of such Security Instrument and (ii) on which the New York Stock Exchange is open, or (b) as otherwise provided in a Supplemental Indenture.

"Capital Appreciation Bonds" means Bonds the interest on which (a) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (b) is payable upon maturity or prior redemption of such Bonds.

"Chair" means the Chair of the Issuer or any successor to the duties of such office.

"City" means Morgan City, Utah, a political subdivision of the State.

"City Fees" has the meaning given to such term in the Service Contract.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Paper Program" means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II hereof and are outstanding up to an Authorized Amount.

"Connection Services" means the wholesale services provided by the Issuer to the City pursuant to the Service Contract whereby a designated amount of end users within the City have access to the UJA-Morgan Component Network through which they may contract with private providers to receive Cable Television Services and Public Telecommunication Services (as those terms are defined in the Telecommunications Act).

"Construction Fund" means the UJA-Morgan Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

"Cost" or "Costs" or "Cost of Completion," or any phrase of similar import, in connection with a Project or with the refunding of any Bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any Bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others and permits and licenses obtained by the Issuer or others;

B-4

- (c) engineering, architectural, legal, planning, underwriting, marketing, accounting and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (e) interest expenses, including interest on the Series of Bonds relating to a Project;
- (f) printing, engraving and other expenses of financing, fees of financial rating services and costs of issuing the Series of Bonds;
- (g) costs, fees, and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;
- (h) costs of furniture, fixtures, and equipment purchased by the Issuer and necessary to construct a Project;
- (i) amounts required to repay moneys advanced by the City or temporary or bond anticipation loans or notes made to finance the costs of a Project;
- (j) cost of site improvements performed by the Issuer in anticipation of a Project;
- (k) moneys necessary to fund the funds created under this Indenture;
- (l) costs of any Operation and Maintenance Expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as herein provided, of any discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, Security Instrument Costs and Reserve Instrument Costs;
- (m) costs of amending this Indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;
- (n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and
- (o) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of refunding or redeeming any bonds or other obligations, "Cost" includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f), (i), (k), (l), (m) and (o) above, advertising and other expenses related to the redemption of such bonds to be redeemed

and the redemption price of such bonds (and the accrued interest payable on redemption to the extent not otherwise provided for).

"Cross-over Date" means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

"Cross-over Refunded Bonds" means Bonds or other obligations refunded by Cross-over Refunding Bonds.

"Cross-over Refunding Bonds" means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

"Current Interest Bonds" means all Bonds other than Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Supplemental Indenture.

"Debt Service" means, unless specified otherwise by Supplemental Indenture for a Series of Bonds, for any particular Bond Fund Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (a) all interest payable during such Bond Fund Year on such Series of Bonds plus (b) the Principal Installments payable during such Bond Fund Year on (i) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (ii) such Repayment Obligations then outstanding; provided, however, for purposes of Section 2.15 hereof:

(1) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at such market rate of interest applicable to such Series of Variable Rate Bonds or related Repayment Obligations as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise); and

(2) when calculating interest payable during such Bond Fund Year with respect to any Commercial Paper Program, Debt Service shall include an amount equal to the sum of all principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at such market rate of interest applicable to such Commercial Paper Program as shall be established for this purpose in the opinion of the Issuer's financial advisor, underwriter or similar

agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise).

"Debt Service Reserve Fund" means the UIA-Morgan Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to this Indenture, the definition set forth in the Supplemental Indenture relating to such Series of Bonds.

"Direct Obligations" means noncallable Government Obligations.

"Electrical Fee Revenues" means all gross revenues, fees, and similar charges collected by the City for the provision of electric services through the City's electric enterprise fund.

"Escrowed Interest" means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code, in connection with the issuance of Refunding Bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

"Event of Default" means with respect to any default or event of default hereunder any occurrence or event specified in and defined by Section 7.1 hereof.

"Fitch" means Fitch Ratings.

"Governing Body" means the Board of Directors of the Issuer.

"Government Obligations" means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury ("SLGS");
- (b) United States Treasury bills, notes and bonds, as traded on the open market;
- (c) Zero Coupon United States Treasury Bonds; and
- (d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as "REFCORP strips").

"Hook-up Lease Revenues" has the meaning given to such term in Article I of the Service Contract.

"Indenture" means this General Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of this Indenture.

"Initial Bonds" means the first Series of Bonds issued under this Indenture.

"Interest Payment Date" means the stated payment date of an installment of interest on the Bonds.

"Issuer" or "UIA" means the Utah Infrastructure Agency and its successors.

"Moody's" means Moody's Investors Service, Inc.

"Operation and Maintenance Expenses" means all expenses reasonably incurred by UIA in connection with the operation and maintenance of the UIA-Morgan Component Network, whether incurred by UIA or paid to any other entity pursuant to contract or otherwise, necessary to keep the UIA-Morgan Component Network in efficient operating condition, including cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for insurance and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the UIA-Morgan Component Network shall be included.

"Outstanding" or "Bonds Outstanding" means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under this Indenture, except:

- (a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of this Indenture; and
- (b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered hereunder, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

"Paying Agent" means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Sections 6.6 and 11.5 hereof, and any additional or successor paying agent appointed pursuant hereto.

"Pledged Bonds" means any Bonds that have been (a) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations or (b) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

"Principal" means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case "Principal" means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

B-6

"Principal Corporate Trust Office" means, with respect to the Trustee, the office of the Trustee at One South Main, 12th floor, Salt Lake City, Utah 84133 or such other or additional offices as may be specified by the Trustee.

"Principal Installment" means, as of any date of calculation, (a) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment and (b) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

"Priority Bonds" means all additional indebtedness, bonds or notes of the Issuer issued in accordance with Section 2.14 of this Indenture, which are secured by a pledge of the Revenues senior to the pledge of Revenues for the payment of the bonds and the Security Instrument Repayment Obligation herein authorized.

"Project" means the acquisition, construction, installation, and equipping of communications facilities and improvements within Morgan City, Utah, including the acquisition of access rights to and capacity in the UIA Network and the UTOPIA Network, as such definition is supplemented from time to time by Supplemental Indentures in accordance with this General Indenture.

"Put Bond" means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond and designating it as a Put Bond.

"Qualified Investments" means any of the following securities:

- (a) Government Obligations;
- (b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America including: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Financing Bank; the Farmer's Home Administration; the Federal Housing Administration; the Maritime Administration; General Services Administration; Small Business Administration; or the Department of Housing and Urban Development (PHA's);
- (c) Money market funds rated "AAAm" or "AAAm-G" or better by S&P and/or the equivalent rating or better of Moody's (if so rated), including money market funds from which the Trustee or its affiliates derive a fee for investment advisory or other services to the fund;
- (d) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's or A-1+ by S&P, and which matures not more than 270 days after the date of purchase;

(e) Bonds, notes or other evidences of indebtedness rated "AAA" by S&P and "Aaa" by Moody's issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(f) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(g) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund; and

(h) Any other investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

"Rating Agency" means Fitch, Moody's, or S&P and their successors and assigns, but only to the extent such rating agency is then providing a rating on a Series of Bonds issued hereunder at the request of the Issuer. If either such Rating Agency ceases to act as a securities rating agency, the Issuer may designate any nationally recognized securities rating agency as a replacement.

"Rating Category" or "Rating Categories" mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

"Rebatable Arbitrage" means with respect to any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

"Rebate Calculation Date" means, with respect to any Series of Bonds where the interest thereon is intended to be excludable from gross income for federal income tax purposes, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last Bond for such Series.

"Rebate Fund" means the UIA-Morgan Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

"Registrar" means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to Sections 2.7, 6.5 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

"Regular Record Date" means, unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day immediately preceding each Interest Payment Date.

"Remarketing Agent" means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

"Repair and Replacement Fund" means the UIA-Morgan Repair and Replacement Fund created in Section 3.7 hereof to be held by the Issuer and administered pursuant to Section 5.7 hereof.

"Repair and Replacement Reserve Requirement" means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

"Repayment Obligations" means, collectively, all Outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

"Reserve Instrument" means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds with the prior written approval of the Security Instrument Issuer, if any. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit, and other devices.

"Reserve Instrument Agreement" means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

"Reserve Instrument Costs" means all fees, premiums, expenses, and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses, and costs constituting Reserve Instrument Costs.

"Reserve Instrument Coverage" means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

"Reserve Instrument Fund" means the UIA-Morgan Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the applicable Series of Bonds.

"Reserve Instrument Provider" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company, or other institution issuing a Reserve Instrument, which at the time of issuance of the Reserve Instrument is rated in one of the four highest Rating Categories by a Rating Agency.

"Reserve Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

"Revenue Fund" means the UIA-Morgan Revenue Fund created in Section 3.2 hereof to be held by the Issuer and administered pursuant to Section 5.2 hereof.

"Revenues" means all revenues, fees, income, rents, and receipts received or earned by the Issuer pursuant to the Service Contract, including all of the City Fees and the Hook-up Lease Revenues received pursuant to the Service Contract and other amounts received pursuant to the Service Contract (including any advance of Allocated Sales Tax Revenue and Allocated Electrical Fee Revenues (as described therein)), together with all interest earned by and profits derived from the sale of investments in the related funds thereof. Revenues do not include gifts or grants received by UIA.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC.

"Sales Tax Revenue" means all sales tax revenue that the City collects under Title 59, Chapter 12, Part 2 of the Utah Code.

"Secretary" means the Secretary of the Issuer or any successor to the duties of such office.

"Security Instrument" means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term "Security Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a "Security Instrument" for purposes of this Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

"Security Instrument Agreement" means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) providing for the issuance by such Security Instrument Issuer of a Security Instrument.

"Security Instrument Costs" means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses, and costs constituting Security Instrument Costs.

"Security Instrument Issuer" means any bank or other financial institution, insurance company, surety company, or other institution issuing a Security Instrument.

"Security Instrument Repayment Obligations" means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

"Series" means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution thereof.

"Service Contract" means the Fiber Communications and Acquisition Service and Acquisition Contract, dated as of January 2, 2019, entered into between the Issuer and the City.

"Sinking Fund Account" means the UIA-Morgan Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

"Sinking Fund Installment" means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year for the retirement of Term Bonds as specified in the Supplemental Indenture authorizing said Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

"Special Record Date" means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with this Indenture.

"State" means the State of Utah.

"Supplemental Indenture" means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

"Telecommunications Act" means the Municipal Cable Television and Public Telecommunications Service Act, Title 10, Chapter 18, Utah Code.

"Term Bonds" means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

"Trustee" means Zions Bancorporation, National Association, One South Main, 12th floor, Salt Lake City, Utah 84133 or any successor corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder.

"UIA-Morgan Component Network" means the fiber optic lines, connection lines and related improvements and facilities acquired and constructed by UIA (including the acquisition by UIA of access right and capacity within the UTOPIA Network and the UIA Network) and which are employed to provide services to the end users in the City pursuant to and contemplated by the Service Contract.

"UIA Network" means fiber optic lines, connection lines and related improvements and facilities acquired and constructed by UIA, including the acquisition by UIA of access rights and capacity in the UTOPIA Network.

"Utah Code" means Utah Code Annotated 1953, as amended.

"UTOPIA" means the Utah Telecommunication Open Infrastructure Agency, a separate legal entity, body, politic and corporate and a political subdivision of the State of Utah, created pursuant to the Interlocal Act.

"UTOPIA Network" means UTOPIA's wholesale telecommunications network together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said network.

"Variable Rate Bonds" means, as of any date of calculation, Bonds, the interest on which for any future period of time, is to be calculated at a rate which is not susceptible to a precise determination.

"Year" means any twelve-consecutive month period.

Section 1.2 Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, the issuance from time to time of any and all Security Instruments by Security Instrument Issuers, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds, the Security Instrument Issuers and the Reserve Instrument Providers; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection and security of the Owners of any and all of the Bonds and the Security Instrument Issuers of any and all of the Security Instruments all of which, regardless of the time or times of their issuance, delivery, maturity, or expiration, shall be of equal rank without preference, priority, or distinction of any of the Bonds or Security Instrument Repayment Obligations over any others, except as expressly provided in or permitted by this Indenture, and SECOND, for the equal benefit, protection, and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery, or termination, shall be of equal rank without preference, priority, or distinction of any Reserve Instrument over any other thereof.

Section 1.3 Construction. This Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(a) The terms "hereby," "hereof," "herein," "hereto," "hereunder," and any similar terms used in this Indenture shall refer to this Indenture in its entirety unless the context clearly indicates otherwise.

(b) Words in the singular number include the plural, and words in the plural include the singular.

(c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.

(d) Articles, sections, subsections, paragraphs, and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs, and subparagraphs hereof so numbered or otherwise so designated.

(e) The titles or leadlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

ARTICLE II THE BONDS

Section 2.1 Authorization of Bonds. There is hereby authorized for issuance hereunder Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

Section 2.2 Description of Bonds: Payment.

(a) Each Series of Bonds issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, each Series of Bonds shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and shall bear interest payable on each Interest Payment Date.

(b) Each Series of Bonds issued under the provisions hereof shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of such Series, shall be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. Each Series of Bonds shall be designated "[Tax-Exempt/Taxable] Telecommunications, Electric Utility and Sales Tax Revenue [Refunding] Bonds (Morgan City Project), Series _____, in each case inserting the year in which the Bonds are issued and, if necessary, an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in lawful money of the United States of America. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed on the Interest Payment Date to the Registered Owner at his address as it appears on such registration books or to owners of \$5,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any

Series then Outstanding) by wire transfer to a bank account located in the United States of America designated by the Registered Owner in written instructions furnished to the Trustee no later than the Regular Record Date for such payment. Unless otherwise specified in the related Supplemental Indenture, the interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten (10) days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the Principal Corporate Trust Office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.3 Execution: Limited Obligation. Unless otherwise specified in the related Supplemental Indenture, the Bonds of any Series shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Chair, countersigned with the manual or official facsimile signature of the Secretary, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Revenues (except to the extent paid out of moneys attributable to the Bond proceeds, or moneys received by the Trustee, or other funds created hereunder (except the Rebate Fund), or the income from the temporary investment thereof). The Bonds shall be a valid claim of the respective Registered Owners thereof only against the Revenues, and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds and all Repayment Obligations, and the Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds and to pay the Repayment Obligations, except as may be otherwise expressly authorized herein or by Supplemental Indenture. The issuance of the Bonds and delivery of any Security Instrument Agreement or Reserve Instrument Agreement shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The provisions of this Section 2.3 relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

Section 2.4 Perfection of Security Interest:

(a) The Indenture creates a valid and binding pledge and assignment of security interest in all of the Revenues pledged under the Indenture in favor of the Trustee as security for payment of the Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code Annotated 1953, as amended, and is and shall have priority as against all parties having claims of any kind in tort, contract, or otherwise hereafter imposed on the Revenues.

(c) The Issuer and the Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

Section 2.5 Authentication and Delivery of Bonds.

(a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof (or hold them on their behalf) upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the related Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the Secretary of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the Secretary, of the proceedings of the Issuer's Governing Body approving the execution and delivery of the instruments specified in Section 2.5(c)(i) herein and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the Secretary that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) A copy, duly certified by the Secretary, of the Service Contract.

(v) An opinion of bond counsel dated the date of authentication of such Series of Bonds to the effect that (a) the Issuer has authorized the execution and delivery of this Indenture and such Series of Bonds and this Indenture has been duly executed and delivered by the Issuer and is a valid and binding and enforceable agreement of the Issuer; (b) this Indenture creates the valid pledge which it purports to create of the Revenues; and (c) the Bonds of such Series are valid and binding obligations of the Issuer, entitled to the benefits and security hereof, provided that such opinion may contain limitations acceptable to the purchaser of such Series of Bonds.

(d) The Issuer may provide by Supplemental Indenture for the delivery to the Trustee of one or more Security Instruments with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith.

(e) Subject to any limitations contained in a Supplemental Indenture, the Issuer may provide a Security Instrument for any Series of Bonds (or may substitute one Security Instrument for another).

(f) The Issuer may provide by Supplemental Indenture for the issuance and delivery to the Trustee of one or more Reserve Instruments and the execution and delivery of any Reserve Instrument Agreements deemed necessary in connection therewith.

(g) The Issuer may authorize by Supplemental Indenture the issuance of Put Bonds; provided that any obligation of the Issuer to pay the purchase price of any such Put Bonds shall not be secured by a pledge of Revenues on a parity with the pledge contained in Section 6.2 hereof. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents, tender agents or other agents as the Issuer may determine.

(h) The Issuer may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(i) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (A) the Security Instrument

Issuer shall be deemed to be the Owner of the Outstanding Bonds of such Series (1) when the approval, consent or action of the Bondowners for such Series of Bonds is required or may be exercised under the Indenture and (2) following an Event of Default and (B) the Indenture may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent.

(ii) In the event that the Principal and redemption price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of the Issuer to the Bondowners of such Series of Bonds shall continue to exist and such Security Instrument Issuer shall be subrogated to the rights of such Bondowners in accordance with the terms of such Security Instrument.

(iii) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

Section 2.6 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, Series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together in all cases with indemnity satisfactory to the Trustee and the Issuer. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee may pay the same without surrender thereof upon compliance with the foregoing. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses in connection therewith. Any Bond issued pursuant to this Section 2.6 shall be deemed part of the Series of Bonds in respect of which it was issued and an original additional contractual obligation of the Issuer.

Section 2.7 Registration of Bonds; Persons Treated as Owners. The Issuer shall cause the books for the registration and for the transfer of the Bonds to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer with respect to the Bonds; provided, however, that the Issuer may by Supplemental Indenture select a party other than the Trustee to act as Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Upon the occurrence of an Event of Default which would require any Security Instrument Issuer to make payment under a Security Instrument Agreement, the Registrar shall make such registration books available to the Security Instrument Issuer. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Bond at the Principal Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Registered Owner or his or her attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond

surrendered for transfer. Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and the same maturity. The execution by the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. Except as otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Issuer and the Trustee shall not be required to transfer or exchange any Bond (a) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (b) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (c) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (d) at any time following the mailing of notice calling such Bond for redemption.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal or of interest on any Bond shall be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charge and by the Issuer of any service charge of the Trustee as Registrar which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

Section 2.8 Redemption Provisions. The Term Bonds of each Series of Bonds shall be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at such times and upon such terms as shall be fixed by such Supplemental Indenture. Except as otherwise provided in a Supplemental Indenture, if fewer than all Bonds of a Series are to be redeemed, the particular maturities of such Bonds to be redeemed and the Principal amounts of such maturities to be redeemed shall be selected by the Issuer. If fewer than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 2.10 hereof, to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee, in its discretion, may deem fair and appropriate.

Section 2.9 Notice of Redemption.

(a) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.9. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the Paying Agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books

of the Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

- (i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;
 - (ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issue date of, and interest rate on, such Bonds;
 - (iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;
 - (iv) the date of mailing of redemption notices and the redemption date;
 - (v) the redemption price;
 - (vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and
 - (vii) the place where such Bonds are to be surrendered for payment, designating the name and address of the redemption agent with the name of a contact person and telephone number.
- (b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, simultaneous with the mailed notice to Registered Owners, by registered, certified mail, overnight delivery service, or electronic means to the Municipal Securities Rulemaking Board and all registered securities depositories (as reasonably determined by the Trustee) then in the business of holding substantial amounts of obligations of types comprising the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.
- (c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.
- (d) If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall

not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date.

(f) Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(g) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 2.10 Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the related Supplemental Indenture, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than the minimum denomination of such Series specified herein or in the related Supplemental Indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

Section 2.11 Cancellation. All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer, shall be canceled and cremated or otherwise destroyed by the Trustee and shall not be reissued; provided, however, that one or more new Bonds shall be issued for the unredeemed portion of any Bond without charge to the Registered Owner thereof.

Section 2.12 Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit

B-13

of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section 2.12 are subject to the provisions of Title 67, Chapter 4a, Utah Code.

Section 2.13 Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.5(c) hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.14 Issuance of Priority Bonds. No Priority Bonds may be issued or incurred by the Issuer without the prior written consent of 100% of all Registered Owners of the Outstanding Bonds.

Section 2.15 Issuance of Additional Bonds. No Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds and the Security Instrument Repayment Obligations herein authorized out of the Revenues will be issued unless the Allocated Electrical Fee Revenues and Allocated Sales Tax Revenue received by the City during the Fiscal Year immediately preceding the Fiscal Year in which the Additional Bonds, indebtedness, bonds or notes of the Issuer are to be issued are not less than 100% of the maximum annual debt service in any given Fiscal Year on the sum of (i) the debt service on the Additional Bonds, indebtedness, bonds or notes of the Issuer, plus (ii) debt service on the Initial Bonds, and any Additional Bonds or parity indebtedness, bonds or notes of the Issuer or the City previously issued and outstanding (and secured by a pledge of the Electrical Fee Revenues or Sales Tax Revenue) plus (iii) the debt service on any obligations issued by the Issuer and payable from amounts paid or received under the Service Contract, tested for the period of such Additional Bonds or parity debt or obligation.

Section 2.16 Form of Bonds. The Bonds of each Series and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions, and variations as may be necessary, desirable, authorized, and permitted hereby.

Section 2.17 Covenant against Creating or Permitting Liens. Except for the pledge of Revenues to secure payment of the Bonds and Repayment Obligations hereunder, the Revenues are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that nothing contained herein shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Revenues subordinate to that of the Bonds and Repayment Obligations. Nothing herein shall be construed to limit the Issuer from incurring additional obligations which are payable from or secured by a source of revenues that is different from the Revenues pledged herein.

ARTICLE III CREATION OF FUNDS AND ACCOUNTS

Section 3.1 Creation of Construction Fund. There is hereby created and ordered established in the custody of the Trustee a fund to be known as the "UIA-Morgan Construction Fund." There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Project to be designated by the name of the applicable Project or Series of Bonds and, if applicable, a separate account for each Series of Bonds and for all grant moneys or other moneys to be received by the Issuer for deposit in the Construction Fund.

Section 3.2 Creation of Revenue Fund. There is hereby created and ordered established with the Issuer a fund to be known as the "UIA-Morgan Revenue Fund." For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

Section 3.3 Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee a fund to be known as the "UIA-Morgan Bond Fund."

Section 3.4 Creation of Sinking Fund Account. There is hereby created and ordered established in the custody of the Trustee a separate account within the Bond Fund an account to be known as the "UIA-Morgan Sinking Fund Account."

Section 3.5 Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee a fund to be known as the "UIA-Morgan Debt Service Reserve Fund."

Section 3.6 Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee a fund to be known as the "UIA-Morgan Reserve Instrument Fund."

Section 3.7 Creation of Repair and Replacement Fund. There is hereby created and ordered established in the custody of the Issuer a fund to be known as the "UIA-Morgan Repair and Replacement Fund."

Section 3.8 Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee a fund to be known as the "UIA-Morgan Rebate Fund."

Section 3.9 Creation of Funds and Accounts. Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article III until such funds or accounts shall be utilized as provided in a Supplemental Indenture. The Issuer may, by Supplemental Indenture, authorize the creation of additional funds and additional accounts within any funds.

B-14

ARTICLE IV
APPLICATION OF BOND PROCEEDS

Upon the issuance of each Series of Bonds, the proceeds thereof shall be deposited as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

ARTICLE V
USE OF FUNDS

Section 5.1 Use of Construction Fund.

(a) So long as an Event of Default shall not have occurred and be continuing and except as otherwise provided by Supplemental Indenture, moneys deposited in the appropriate account in the Construction Fund shall be disbursed by the Trustee to pay the Costs of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition approved by an Authorized Representative of the Issuer in substantially the form as Exhibit A attached hereto, stating that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Construction Fund. In making such payments the Trustee may rely upon the information submitted in such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to verify the application of any payments from the Construction Fund or to inquire into the purposes for which disbursements are being made from the Construction Fund.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate executed by an Authorized Representative of the Issuer stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing certification any claim or claims out of which a lien exists or might ripen in the event the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to Section 5.1(c) herein shall state that there is a claim or claims in controversy which create or might ripen

into a lien, an Authorized Representative of the Issuer shall file a similar certificate with the Trustee when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by this Section 5.1, any balance remaining in the applicable account in the Construction Fund relating to such Project shall, as directed by an Authorized Representative of the Issuer, be deposited in the Bond Fund, to be applied, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of Bonds.

(g) The Trustee shall, to the extent there are no other available funds held under the Indenture, use the remaining funds in the Construction Fund to pay principal and interest on the Bonds at any time in the event of a payment default hereunder.

Section 5.2 Application of Revenues.

(a) All Revenues shall be deposited in the Revenue Fund and accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(b) So long as any Bonds are Outstanding, as a first charge and lien on the Revenues, the Issuer shall, on or before the first Business Day of each month, transfer to the Trustee for deposit into the Bond Fund from the Revenue Fund an amount equal to:

(i) one sixth (1/6) of the interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds (provided, however, that so long as there are moneys representing capitalized interest on deposit with the Trustee to pay interest on the Bonds next coming due, the Issuer need not allocate to the Revenue Fund to pay interest on the Bonds); plus

(ii) one twelfth (1/12) of the principal and premium, if any, falling due on the next succeeding principal payment date established for the Bonds; plus

(iii) one twelfth (1/12) the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date;

the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such Interest Payment Date as the same become due and payable. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates. In the event the Issuer shall have deposited for any month less than the amounts required pursuant to (i), (ii) or (iii) above, the Trustee shall, within five Business Days of such payment deficiency and unless otherwise cured by the Issuer during that period, notify the City of the amount of such deficiency, with a copy of such notice to be sent to the Issuer. Further, such notice to the City shall include a demand

B-15

for payment from the Allocated Electrical Fee Revenues and Allocated Sales Franchise Tax Revenue of the City to the amount of such deficiency, all in accordance with the provisions of Section 3.5 of the Service Contract. Any receipt of Allocated Electrical Fee Revenues and Allocated Sales Tax Revenue by the Trustee from the City shall be deposited into the Bond Fund and applied pursuant to (i), (ii) and (iii) above.

(c) As a second charge and lien on the Revenues (on a parity basis), the Issuer shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required hereby and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided herein and in any Supplemental Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Issuer shall deposit Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(c)(ii) hereof) of remaining Revenues if less than the amount necessary; and

(ii) Equally and ratably to the accounts of the Reserve Instrument Fund with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Revenues, or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(c)(i) hereof) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next monthly transfer or deposit of Revenues into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

(d) As a third charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and Maintenance Expenses of the Issuer as the same become due and payable, and thereupon such expenses shall be promptly paid.

(e) As a fourth charge and lien on the Revenues, the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein),

from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Revenues of the UIA-Morgan Component Network after payments required by Sections 5.2(b), 5.2(c) and 5.2(d) herein have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of Section 5.2(f) herein, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(f) Subject to making the foregoing deposits, the Issuer may use the balance of the Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) any amounts owing from the Issuer to the City under the Service Contract; or
- (iv) for any other lawful purpose.

Section 5.3 Use of Bond Fund. The Issuer may direct the Trustee, pursuant to a Supplemental Indenture, to create additional accounts within the Bond Fund for a separate Series of Bonds under the Indenture.

(a) The Trustee shall make deposits to the Bond Fund, as and when received, as follows:

- (i) accrued interest received upon the issuance of any Series of Bonds;
- (ii) all moneys payable by the Issuer as specified in Section 5.2(b) hereof;
- (iii) any amount in the Construction Fund to the extent required by or directed pursuant to Section 5.1(f) hereof upon completion of a Project;
- (iv) all moneys transferred from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in Section 5.5 hereof; and
- (v) all other moneys received by the Trustee hereunder when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund.

(b) Except as provided in Section 7.4 hereof and as provided in this Section 5.3 and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

- (i) on or before each Interest Payment Date for each Series of Bonds, the amount required to pay the interest due on such date;

(ii) on or before each Principal Installment due date, the amount required to pay the Principal Installment due on such due date; and

(iii) on or before each redemption date for each Series of Bonds, the amount required to pay the redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agent to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. Except as otherwise specified in a related Supplemental Indenture all such Security Instrument Repayment Obligations shall be paid on a parity with the payments to be made with respect to principal and interest on the Bonds; provided that amounts paid under a Security Instrument shall be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds and on Security Instrument Repayment Obligations as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said Principal and interest.

(c) After payment in full of the Principal of and interest on (i) all Bonds issued hereunder (or after provision has been made for the payment thereof as provided herein so that such Bonds are no longer Outstanding); (ii) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms; and (iii) the fees, charges, and expenses of the Trustee, the Paying Agent and any other amounts required to be paid hereunder or under any Supplemental Indenture and under any Security Instrument Agreement and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

Section 5.4 Use of Sinking Fund Account.

(a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

Section 5.5 Use of Debt Service Reserve Fund. Except as otherwise provided in this Section 5.5 or by Supplemental Indenture, and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement, if any, applicable to such Series which amount shall, unless otherwise specified by the respective Supplemental Indenture, either be (a) deposited immediately upon the issuance and delivery of such Series from (i) proceeds from the sale thereof or from any other legally available source, or (ii) by a Reserve Instrument or Instruments, or (iii) any combination thereof, (b) deposited from available Revenues over the period of time specified therein, or (c) deposited from any combination of (a) and (b) above; provided however, the foregoing provisions shall be subject to the requirements of any Security Instrument Issuer set forth in the related Supplemental Indenture. If at any time the amount on deposit in any account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section 5.5, the Trustee is required on behalf of the Issuer to exercise UJA's remedies under the Service Contract to collect Revenues sufficient to replenish the Debt Service Reserve Fund.

In the event funds on deposit in an account of the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in such account of the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series are in effect, the Trustee shall immediately make a demand for payment on such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate the Reserve Instrument as provided in Section 5.2(c)(ii) herein.

No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds are Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the related account of the Debt Service Reserve Fund.

Except as otherwise provided by a Supplemental Indenture, moneys at any time on deposit in the account of the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) shall be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

Whenever the balance in an account of the Debt Service Reserve Fund exceeds the amount required to redeem or pay the related Series of Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee, shall, upon receipt of a written direction of the Issuer, transfer the amount in the related account of the Debt Service Reserve Fund to the Bond Fund to be applied on the next succeeding Interest Payment Date to the payment and redemption of all the related Series of Outstanding Bonds.

Section 5.6 Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Section 5.7 Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the UIA-Morgan Component Network; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the UIA-Morgan Component Network; and (c) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the UIA-Morgan Component Network.

Funds shall be deposited monthly from available Revenues in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Revenues of the UIA-Component Network available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be used by the Issuer for any lawful purpose.

Section 5.8 Use of Rebate Fund.

(a) If it becomes necessary for the Issuer to comply with the rebate requirements of the Code and the Regulations, the Trustee shall establish and thereafter maintain, so long as the Bonds which are subject to said rebate requirements are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under this Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for one or more Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, the excess amount remaining after payment of the Rebatable Arbitrage to the United States shall, upon the Issuer's written request accompanied by the determination report, be paid by the Trustee to the Issuer.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date and take all other actions necessary to comply with the

rebate requirements of the Code and the Regulations. The Issuer shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund) or shall otherwise make payment of the rebate to be paid to the United States at the times required by the Code and the Regulations. If applicable, the Issuer shall instruct in writing the Trustee to withdraw from the Rebate Fund and pay any rebate over to the United States. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer's determinations, calculations, and certifications required by this Section 5.8, and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Issuer's determinations, calculations, and certifications required by this Section 5.8.

(d) The Trustee shall, at least sixty (60) days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section 5.8. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that (notwithstanding any other provision of the Indenture) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The provisions of this Section 5.8 may be amended or deleted without Bondowner consent or notice, upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the excludability from gross income of interest on the Bonds.

Section 5.9 Investment of Funds. Unless provided otherwise by Supplemental Indenture, any moneys in the Bond Fund, the Construction Fund, the Reserve Instrument Fund, the Rebate Fund, the Debt Service Reserve Fund, or the Repair and Replacement Fund shall, at the discretion and authorization of the Issuer, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund and the Reserve Instrument Fund may only be invested in Qualified Investments having a maturity date of one year or less. If no written authorization is given to the Trustee, moneys shall be held uninvested. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Construction Fund, the Bond Fund, the Reserve Instrument Fund and the Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with Section 5.5 hereof, except as otherwise provided by Supplemental Indenture. All moneys in the Revenue Fund may, at the discretion of the Issuer, be invested by the Issuer in Qualified Investments.

The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Section 5.9. The Trustee shall be entitled

to assume that any investment, which at the time of purchase is a Qualified Investment, remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

The Trustee may, to the extent permitted by the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code, make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliate's investment departments.

The Issuer acknowledges that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

The Issuer may invest the amounts on deposit in the Repair and Replacement Fund as permitted by applicable law.

Section 5.10 Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.11 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued at market, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

ARTICLE VI GENERAL COVENANTS

Section 6.1 General Covenants. The Issuer hereby covenants and agrees with each and every Registered Owner of the Bonds issued hereunder, Security Instrument Issuer, and Reserve Instrument Provider as follows:

(a) While any of the principal of and interest on the Bonds are outstanding and unpaid, or any Repayment Obligations are outstanding, any resolution or other enactment of the Governing Body of the Issuer, applying the Revenues for the payment of the Bonds and the Repayment Obligations shall be irrevocable until the Bonds and/or any Repayment Obligations have been paid in full as to both principal and interest, and is not subject to amendment in any manner which would impair the rights of the holders of those Bonds or the Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due. [Furthermore, the Revenues from all services of the UIA-

Morgan Component Network to the City under the Service Contract and to all end users contemplated by the Service Contract shall be sufficient to pay the Operation and Maintenance Expenses of the UIA-Morgan Component Network and to provide moneys for each Bond Fund Year sufficient to meet ULA's payment obligations under this Indenture. The Issuer agrees that should its annual financial statement made in accordance with the provisions of Section 6.1(d) hereof disclose that during the period covered by such financial statement the Revenues were not at least equal to the above requirement, the Issuer may modify its rates, fees and charges.]

(b) The Issuer will maintain the UIA-Morgan Component Network and the ULA Network in good condition and operate the same in an efficient manner.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the UIA-Morgan Component Network sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the UIA-Morgan Component Network. Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the UIA-Morgan Component Network. Except as otherwise provided herein, the Issuer further agrees that it will within two hundred ten (210) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants showing the receipts and disbursements for account of the Revenues and the UIA-Morgan Component Network and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this Section 6.1 shall be regarded and paid as an Operation and Maintenance Expense.

Section 6.2 First Lien Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable lien upon the Revenues, subordinate to any Priority Bonds issued pursuant to Section 2.14 herein. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a lien on the Revenues and shall not be entitled to any priority one over the other in the application of the Revenues regardless of the time or times of the issuance of the Bonds or delivery of Security Instruments, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (a) proceeds of the issuance and sale of Bonds, (b) Revenues, or (c) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds and to the Security Instrument Issuers.

Section 6.3 Payment of Principal and Interest. The Issuer covenants that it will punctually pay or cause to be paid the Principal of and interest on every Bond issued hereunder, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture, any Security Instrument Agreement and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The Principal of and interest on the Bonds, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations are payable solely from the Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which Revenues are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds, this Indenture, any Security Instrument Agreement or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment thereof.

Section 6.4 Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained herein, and in any and every Bond, Security Instrument Agreement and Reserve Instrument Agreement. The Issuer represents that it is duly authorized under the Constitution of the State and under the Act to issue the Bonds authorized hereby and to execute this Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 6.5 List of Bondholders. The Trustee will keep on file at its Principal Corporate Trust Office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of ten percent (10%) or more in Principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee.

Section 6.6 Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the Principal Corporate Trust Office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate Paying Agents.

Section 6.7 Expeditions Construction. The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Section 6.8 Management of Assets. The Issuer, in order to assure the efficient management and operation of its assets and to assure each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider from time to time that the Issuer's assets will be operated on sound business principles, will employ competent and experienced management for said assets, will use its best efforts to see that said assets are at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

Section 6.9 Use of Legally Available Moneys. Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (a) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (b) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (c) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Section 6.10 Payment of Taxes and Other Charges. The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the UIA-Morgan Component Network or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the UIA-Morgan Component Network or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the parity lien thereon of Additional Bonds issued from time to time hereunder and under Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the UIA-Morgan Component Network or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; provided, however, that nothing in this Section 6.10 shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Section 6.11 Insurance. The Issuer will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the Issuer. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

Section 6.12 Instruments of Further Assurance. The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, or upon the request of a Security Instrument Issuer or a Reserve Instrument Provider, execute and deliver such further instruments and take or cause to be taken such further actions as may be reasonable and as may be required by the other to carry out the purposes hereof; provided, however, that no such

instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or any official thereof.

Section 6.13 **Covenant Not to Sell.** The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the UIA-Morgan Component Network or the UIA Network or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Repayment Obligations, have been paid in full, except as follows:

(a) The Issuer may sell any portion of said property (i) which shall have been replaced by other property of at least equal value, (ii) which shall cease to be necessary for the efficient operation of the UIA-Morgan Component Network or the UIA Network and the disposition of which will not, as determined by the governing body of the Issuer, result in a material reduction in Revenues in any year; or (iii) the value, as determined by the governing body of the Issuer, of the property to be sold, leased, abandoned, mortgaged, or otherwise disposed of (together with any other property similarly disposed of within the 12 calendar months preceding the proposed disposition) does not exceed five percent (5%) of the value of the UIA-Morgan Component Network and UIA Network assets, as determined by the governing body of the Issuer, provided, however, that in the event of any sale as aforesaid, the proceeds of such sale not needed to acquire other UIA-Morgan Component Network and UIA Network property shall be paid into the Bond Fund.

(b) The Issuer may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the UIA-Morgan Component Network or the UIA Network, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of the UIA-Morgan Component Network or the UIA Network; and any payment received by the Issuer under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the UIA-Morgan Component Network or the UIA Network or any part thereof shall constitute Revenues.

Section 6.14 **Collection of Delinquent City Fees and Hook-Up Lease Revenues.** In accordance with the Service Contract, the Issuer covenants that it shall exercise all remedies available to it to collect delinquent City Fees and Hook-Up Lease Revenues and any other monies owed to the Issuer under said Service Contract.

Section 6.15 **Annual Budget.** Prior to the beginning of each Fiscal Year the Issuer shall prepare and adopt a budget for the UIA-Morgan Component Network for the next ensuing Fiscal Year. At the end of the first six months of each Fiscal Year, the Issuer shall review its budget for such Fiscal Year, and in the event actual Revenues, Operation and Maintenance Expenses or other requirements do not substantially correspond with such budget, the Issuer shall prepare an amended budget for the remainder of such Fiscal Year. The Issuer also may adopt at any time an amended budget for the remainder of the then current Fiscal Year.

ARTICLE VII EVENTS OF DEFAULT; REMEDIES

Section 7.1 **Events of Default:** Each of the following events is hereby declared an "Event of Default":

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable; or

(b) if payment of the principal or Sinking Fund installment or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Issuer or of the whole or any part of the Issuer's property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Issuer shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of the property of the Issuer, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, or herein or any Supplemental Indenture hereof on the part of the Issuer to be performed, other than as set forth above in this Section 7.1, and such Default shall continue for 30 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than twenty-five percent (25%) in aggregate Principal amount of the Bonds then Outstanding hereunder; or

(j) any event specified in a Supplemental Indenture as constituting an Event of Default.

Section 7.2 Remedies: Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to Section 8.1 hereof, may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer hereunder; provided, however, that nothing herein shall be construed to grant the Bondholder, the Trustee, any Security Instrument Issuer, or any Reserve Instrument Issuer, any right of acceleration of the payment of the Principal of, or interest, or premium on the Bonds.

If an Event of Default shall have occurred, and if requested so to do by (a) Registered Owners of not less than twenty-five percent (25%) in aggregate Principal amount of the Bonds then Outstanding, (b) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than twenty-five percent (25%) in aggregate Principal amount of Bonds at the time Outstanding, or (c) any combination of Registered Owners and Security Instrument Issuers described in (a) and (b) above representing not less than twenty-five percent (25%) in aggregate Principal amount of Bonds at the time Outstanding, and indemnified as provided in Section 8.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 7.2 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners or to the Security Instrument Issuers) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Registered Owners or the Security Instrument Issuers or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners or the Security Instrument Issuers shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.3 Right of Registered Owners to Direct Proceedings. Anything herein to the contrary notwithstanding, unless a Supplemental Indenture provides otherwise, either (a) the Registered Owners of a majority in aggregate Principal amount of the Bonds then Outstanding, (b) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than fifty percent (50%) in aggregate Principal amount of Bonds at the time Outstanding, or (c) any combination of Registered Owners and Security Instrument Issuers described in (a) and (b) above representing not less than fifty percent (50%) in aggregate Principal amount of Bonds at the time Outstanding, shall have the right, at any time by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.4 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of Trustee's fees and expenses including the fees and expenses of its counsel for the proceedings resulting in the collection of such moneys and of the expenses and liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds and the Security Instrument Repayment Obligations as follows:

(i) Unless the Principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST-To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and the interest component of any Security Instrument Repayment Obligations then due, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND-To the payment to the persons entitled thereto of the unpaid Principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions hereof), in the order of their due dates, and the Principal component of any Security Instrument Repayment Obligations then due, and, if the amount available shall not be sufficient to pay in full all the Bonds and the Principal component of any Security Instrument Repayment Obligations due on any particular date, then to the payment ratably, according to the amount of Principal due on such date, to the persons entitled thereto without any discrimination or privilege.

B-22

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the Principal and interest then due and unpaid upon the Bonds and Security Instrument Repayment Obligations, without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligation over any other Bond or Security Instrument Repayment Obligation, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section 7.4, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Section 7.5 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Section 7.6 Rights and Remedies of Registered Owners. Except as provided in the last sentence of this Section 7.6, no Registered Owner of any Bond or Security Instrument Issuer shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g) herein, or of which by said Section it is deemed to have notice, nor unless also Registered Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than twenty-five percent (25%) in aggregate principal amount of Bonds at the time Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 8.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of

a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the Bonds or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding and all Security Instrument Issuers at the time providing Security Instruments. Nothing herein contained shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder held by such Registered Owner and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Section 7.7 Termination of Proceedings. In case the Trustee, any Registered Owner or any Security Instrument Issuer shall have proceeded to enforce any right hereunder by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Registered Owner, or Security Instrument Issuer, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.8 Waiver of Events of Default. Subject to Section 8.1(g) hereof, the Trustee may in its discretion, and with the prior written consent of all Security Instrument Issuers at the time providing Security Instruments, waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate Principal amount of all the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than fifty percent (50%) in aggregate Principal amount of Bonds at the time Outstanding in respect of which an Event of Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than fifty percent (50%) in aggregate Principal amount of Bonds at the time Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any Bonds at the date that a Principal Installment is due, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Registered Owners and the Security Instrument Issuers shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

B-23

Section 7.9 Cooperation of Issuer. In the case of any Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners, Reserve Instrument Providers, and the Security Instrument Issuers.

ARTICLE VIII
THE TRUSTEE

Section 8.1 Acceptance of the Trusts. The Trustee accepts the trusts imposed upon it hereby, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but no, implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, receivers, or employees and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions hereof. The Trustee shall have no responsibility with respect to any information, statement, or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder, except as specifically set forth herein. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant hereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the

Registered Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by an Authorized Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Section 8.1(g) herein, or of which by said Paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Representative of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer, a Security Instrument Issuer or by the Registered Owners of at least twenty-five percent (25%) in the aggregate principal amount of any Series of the Bonds then Outstanding and all notices or other instruments required hereby to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Issuer pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(k) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(l) If any Event of Default hereunder shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Registered Owners, Security Instrument Issuers or Reserve Instrument Providers, pursuant to the provisions of this Indenture, unless such Registered Owners, Security Instrument Issuers or Reserve Instrument Providers shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(n) The Trustee shall not be required to expend, advance, or risk its own funds or incur any financial liability in the performance of its duties or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or satisfactory indemnity against such risk or liability is not assured to it.

Section 8.2 Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as hereinabove provided. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs, and expenses incurred. The Trustee's rights under this Section 8.2 will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

Section 8.3 Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by Section 8.1(g) hereof required to take notice or if notice of an Event of Default be given to the Trustee as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail to all Security Instrument Issuers or to Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds.

Section 8.4 Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Registered Owners of the Bonds, the Trustee may intervene on behalf of such Owners and shall do so if requested in writing by the Registered Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and indemnified as provided herein. The rights and obligations of the Trustee under this Section 8.4 are subject to the approval of a court of competent jurisdiction.

Section 8.5 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed of conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.6 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, served personally or by registered or certified mail, and by registered or certified mail to each Reserve Instrument Issuer, Security Instrument Issuer and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of and acceptance by a successor Trustee appointed in the manner set forth in Section 8.8 hereof; provided, however that if no successor Trustee has been appointed within sixty (60) days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 8.7 Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments (a) in writing delivered to the Trustee, and signed by the Issuer, unless there exists any Event of Default, or (b) in writing delivered to the Trustee and the Issuer, and signed by the Registered Owners of a majority in aggregate Principal amount of Bonds then Outstanding if an Event of Default exists; provided that such instrument or instruments concurrently appoint a successor Trustee meeting the qualifications set forth herein. No removal of a Trustee shall become effective hereunder unless and until a successor Trustee has been appointed; provided, however that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 8.8 Appointment of Successor Trustee; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer, by an instrument executed by an Authorized Representative under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners). Every successor Trustee appointed pursuant to the provisions of this Section 8.8 or otherwise shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000. Each Reserve Instrument Provider and Security Instrument Issuer shall be notified

immediately upon the resignation or termination of the Trustee and provided with a list of candidates for the office of successor Trustee.

Section 8.9 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VIII shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

Section 8.10 Trustee Protected in Relying Upon Indenture, Etc. The indentures, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection, and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 8.11 Successor Trustee as Trustee, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee hereunder and Registrar for the Bonds and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Registrar and Paying Agent for the Bonds.

Section 8.12 Trust Estate May Be Vested in Separate or Co-Trust. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation hereunder, and in particular in case of the enforcement of remedies on Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 8.12 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended hereby to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request of such trustee or co-trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 8.13 Annual Accounting. The Trustee shall prepare an annual accounting for each Bond Fund Year by the end of the month following each such Bond Fund Year showing in reasonable detail all financial transactions relating to the funds and accounts held by the Trustee hereunder during the accounting period and the balance in any funds or accounts created hereby as of the beginning and close of such accounting period, and shall mail the same to the Issuer and to each Reserve Instrument Provider requesting the same. The Trustee shall also make available for inspection by any Registered Owner a copy of said annual accounting (with the names and addresses of Registered Owners receiving payment of debt service on the Bonds deleted therefrom) and shall mail the same if requested in writing to do so by Registered Owners of at least twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding to the designee of said Owners specified in said written request at the address therein designated. On or before the end of the month following each Bond Fund Year, the Trustee shall, upon written request, provide to the Issuer and the Issuer's independent auditor representations as to the accuracy of the facts contained in the financial reports concerning the transactions described herein that were delivered by the Trustee during the Bond Fund Year just ended.

Section 8.14 Indemnification. To the extent permitted by law and subject to the provisions of Section 8.1(a) of this Indenture, the Issuer shall indemnify and save Trustee harmless against any liabilities it may incur in the exercise and performance of its powers and duties hereunder, other than those due to its own negligence or willful misconduct.

Section 8.15 Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

ARTICLE IX SUPPLEMENTAL INDENTURES

Section 9.1 Supplemental Indentures Not Requiring Consent of Registered Owners, and Reserve Instrument Providers. The Issuer and the Trustee may, without the consent of any of the Registered Owners, or Reserve Instrument Providers, but with the consent of the Security Instrument Issuer and with notice to all Reserve Instrument Providers, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of Section 2.15 hereof;

(b) To cure any ambiguity or formal defect or omission herein;

(c) To grant to or confer upon the Trustee for the benefit of the Registered Owners, any Security Instrument Issuers and any Reserve Instrument Providers any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers or Security Instrument Issuers without its consent;

(d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security;

(e) To provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Title 15, Chapter 7 Utah Code, or any successor provisions of law;

(f) To make any change which shall not materially adversely affect the rights or interests of the Owners of any Outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Provider, requested or approved by a Rating Agency in order to obtain or maintain any rating on the Bonds, or requested or approved by a Security Instrument Issuer or Reserve Instrument Provider in order to insure or provide other security for any Bonds;

(g) If the Bonds affected by any change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating (without taking into account any rating relating to a Security Instrument Issuer or Reserve Instrument Issuer) applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(h) If the Bonds affected by any change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(i) Unless otherwise provided by a Supplemental Indenture authorizing a Series of Bonds, the designation of the facilities to constitute a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (A) a Supplemental Indenture designating the facilities to comprise the Project, (B) an opinion of bond counsel to the effect that such amendment will not adversely affect the validity of the Bonds and (C) a certificate of the Issuer to the effect that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture; and

(j) To correct any references contained herein to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references herein are correct.

Section 9.2 Supplemental Indentures Requiring Consent of Registered Owners, Security Instrument Issuers, and Reserve Instrument Providers: Waivers and Consents by Registered Owners. Exclusive of Supplemental Indentures covered by Section 9.1 hereof and subject to the terms and provisions contained in this Section 9.2, and not otherwise, the Registered Owners of 66-2/3% in aggregate Principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to (a) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplemental Indenture, or (b) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions hereof or of any indenture supplemental hereto; provided, however, that nothing in this Section 9.2 contained shall permit or be construed as permitting (i) an extension of the date that a Principal Installment is due at maturity or mandatory redemption or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered Owner of such Bond, or (ii) a reduction in the amount or extension of the time of any payment required by any Fund established hereunder applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (iii) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (iv) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement hereto shall modify the rights, duties, or immunities of the Trustee, without the written consent of the Trustee. If a Security Instrument or a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 9.1 hereof, neither this Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or Reserve Instrument Provider, as applicable.

Section 9.3 Trustee Authorized to Join in Amendments and Supplements: Reliance on Counsel. The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture or amendment permitted by this Article IX and in so doing shall be fully protected by an opinion of counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Issuer and that all things necessary to make it a valid and binding agreement have been done.

Section 9.4 Opinion of Counsel for Supplemental Indentures. Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to this Article IX, there shall have been delivered to the Trustee an opinion of counsel stating that such Supplemental Indenture is authorized under the Indenture, and that such Supplemental Indenture will, upon the execution and delivery thereof, be valid and binding upon the Issuer in accordance with its terms.

ARTICLE X
DISCHARGE OF INDENTURE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of any Security Instrument Agreements and Reserve Instrument Agreements, as applicable, then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien hereof, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien hereof, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds, the payment of amounts pursuant to any Security Instrument Agreements or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of this Article X when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided herein, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Direct Obligations maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits hereof, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding Paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted hereby);
- (b) directing the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to the provisions of this Indenture; and
- (c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, directing the Trustee to mail, as soon as practicable, in the manner prescribed by Article II hereof, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by this Article X has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article X and stating the maturity or redemption date upon which moneys are to be

available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (a) above.

Any moneys so deposited with the Trustee as provided in this Article X may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Direct Obligations in the hands of the Trustee pursuant to this Article X which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; provided, however, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Direct Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal and interest on the Bonds when due and payable.

If the Bonds to be defeased pursuant to this Article X are Variable Rate Bonds, the Issuer must receive a prior written confirmation from the Rating Agency to the effect that such defeasance will not result in a downgrade or withdrawal of the rating on the Bonds.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article X, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article X for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Direct Obligations have been so set aside in trust.

Anything in Article VIII hereof to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to this Article X for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article X shall be made without the consent of the Registered Owner of each Bond affected thereby.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Consents, Etc., of Registered Owners. Any consent, request, direction, approval, objection, or other instrument required hereby to be executed by the Registered Owners, Security Instrument Issuers or Reserve Instrument Providers may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners, Security Instrument Issuers or Reserve Instrument Providers in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes hereof, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

B-28

Section 11.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Registered Owners of the Bonds, any Security Instrument Issuer and any Reserve Instrument Provider, any legal or equitable right, remedy or claim under or in respect hereto or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registered Owners of the Bonds, any Security Instrument Issuer and the Reserve Instrument Providers as herein provided.

Section 11.3 Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections herein contained, shall not affect the remaining portions hereof, or any part thereof.

Section 11.4 Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer if the same shall be duly mailed by registered or certified mail addressed to it at 5858 South 900 East, Murray, Utah 84121, Attention: Chair, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the same shall be duly mailed by registered or certified mail addressed to it at One South Main, 12th floor, Salt Lake City, Utah 84133, Attention: Corporate Trust Services, or to such other address as the Trustee may from time to time file with the Issuer.

Section 11.5 Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 11.6 Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7 Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State.

Section 11.8 Immunity of Officers and Directors. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein contained against any past, present or future officer, or other public official, employee, or agent of the Issuer.

Section 11.9 Holidays. If any date for the payment of principal of or interest on the Bonds is not a Business Day, then such payment shall be due on the first Business Day thereafter and no interest shall accrue for the period between such date and such first Business Day thereafter.

Section 11.10 Effective Date. This Indenture shall become effective immediately.

Section 11.11 Compliance with Act. It is hereby declared by the Issuer's Governing Body that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the date first written above.

EXHIBIT A
FORM OF REQUISITION

(SEAL)

UTAH INFRASTRUCTURE AGENCY, as Issuer

Re: Utah Infrastructure Agency Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series [], in the sum of \$ _____

Zions Bancorporation, National Association
One South Main Street, 12th Floor
Salt Lake City, Utah 84133

By: _____
Chair

You are hereby authorized to disburse from the Series _____ Account of the UIA-Morgan Construction Fund with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: _____

NAME AND ADDRESS OF PAYEE:

AMOUNT: \$ _____

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: _____

ATTEST:

By: _____
Secretary/Treasurer

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By: _____

1. The Issuer hereby certifies and represents that: each obligation, item of cost, or expense mentioned herein has been properly incurred, is a proper charge against the Series _____ Construction Account based upon audited, itemized claims substantiated in support thereof (evidence of such support not herein required by the Trustee) and has not been the basis for a previous withdrawal.

2. The amount remaining in the Series _____ Construction Account after such disbursement is made, together with the amount of unencumbered Revenues, if any, which the Issuer reasonably estimates will be deposited in the Series _____ Construction Account during the period of construction of the [] Project from the investment of moneys on deposit in the Series _____ Construction Account, will, together with any other moneys lawfully available or expected to be lawfully available for payment of the Cost of the Project and after payment of the amount requested in said requisition, be sufficient to pay the Cost of Completion for the [] Project in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from the Series _____ Construction Account of the Construction Fund may be expended unless, after giving effect thereto, the funds remaining in the Series _____ Construction Account, together with such other funds and income and lawfully available moneys, are sufficient to pay the Cost of Completion for the [] Project.

B-30

DATED: _____ By: _____
for _____

B-31

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF THE SERVICE CONTRACT

[THIS PAGE INTENTIONALLY LEFT BLANK]

FIBER COMMUNICATIONS SERVICE AND ACQUISITION CONTRACT

Dated as of January 2, 2019

between

UTAH INFRASTRUCTURE AGENCY

and

MORGAN CITY, UTAH

C-1

Table of Contents

ARTICLE I DEFINITIONS3

ARTICLE II CONNECTION SERVICES AND ACQUISITION OF IMPROVEMENTS
6

Section 2.1 Connection Services.....6

Section 2.2 Availability6

Section 2.3 Acquisition, Date of Commencement and Substantial Completion.....6

Section 2.4 Price of Improvements.....6

Section 2.5 Cost Overruns.....6

Section 2.6 Residential Installations.....6

Section 2.7 Non-Residential Installations.....7

Section 2.8 Acceptance.....7

Section 2.9 Repair.....7

Section 2.10 Electronics Maintenance.....7

Section 2.11 Electronics Replacement.....7

Section 2.12 Utility Locating.....8

Section 2.13 Ownership of Improvements.....8

ARTICLE III PAYMENT FOR CONNECTION SERVICES; DISTRIBUTION OF
REVENUES 8

Section 3.1 Determination of Payment/Revenue Distribution.....8

Section 3.2 Obligation is Absolute.....8

Section 3.3 Special Limited Obligation.....9

Section 3.4 Default in Payment.....9

Section 3.5 Use of Electrical Fee and Sales Tax Revenues.....9

Section 3.6 Succession Proceedings.....11

Section 3.7 Remedies.....11

Section 3.8 No Exclusive Remedy.....11

Section 3.9 Right of Designee to UIA to Exercise Remedies.....12

Section 3.10 City not Obligated for UIA Debt.....12

Section 3.11 Billing and Collection by UIA.....12

Section 3.12 Disposition at Termination.....12

Section 3.13 Exclusive Use.....12

Section 3.14 System Capacity.....12

Section 3.15 Service Providers.....13

Section 3.16 Network Operations Center (NOC) Services.....13

Section 3.17 Network Engineering Services.....13

Section 3.18 Field Technician Services.....15

Section 3.19 City Connections.....15

Section 3.20 Customer Service.....13

Section 3.21 Technical Support.....13

Section 3.22 IT Systems.....13

Section 3.23 Geographic Information System (GIS).....13

ARTICLE IV APPROVAL AND PUBLICATION REQUIREMENTS.....	14
Section 4.1 Submission to Authorized Attorney.....	14
Section 4.2 Publication.....	14
ARTICLE V GENERAL PROVISIONS.....	14
Section 5.1 Acquisition and Construction of the Improvements.....	14
Section 5.2 Risk of Loss.....	14
Section 5.3 Several Obligations.....	14
Section 5.4 Liability Dedication.....	14
Section 5.5 Books and Records.....	15
Section 5.6 Relationship to Other Instruments.....	15
Section 5.7 Liabilities.....	15
Section 5.8 Assignment.....	15
Section 5.9 Furnishing Service to Others.....	15
Section 5.10 Uncontrollable Forces.....	15
Section 5.11 Communications Enterprise.....	16
Section 5.12 Imposition and Collection of Fees.....	16
Section 5.13 Cable Television Services and Public Telecommunications Services.....	16
Section 5.14 Entire Agreement.....	16
Section 5.15 Amendments.....	16
Section 5.16 Effective Date and Original Term; Termination.....	16
Section 5.17 Notice.....	16
Section 5.18 Third-Party Beneficiaries.....	17
Section 5.19 Governing Law.....	17
Section 5.20 Execution in Counterparts.....	17
Section 5.21 Severability.....	17
EXHIBIT A CONNECTION SERVICES.....	1
EXHIBIT B DESCRIPTION OF IMPROVEMENTS.....	1
EXHIBIT C MAP OF MAINLINE SYSTEM.....	1
EXHIBIT D FORM OF PROMISSORY NOTE.....	1

FIBER COMMUNICATIONS SERVICE AND ACQUISITION CONTRACT

This Fiber Communications Service and Acquisition Contract (the "Contract") is entered into as of January 2, 2019, by and between the Utah Infrastructure Agency ("UIA"), an interlocal cooperative and separate legal entity, body politic and corporate and a political subdivision of the State of Utah, organized under the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended, and Morgan City, Utah (the "City"), a municipal corporation and a political subdivision of the State of Utah (UIA and the City are sometimes referred to individually as a "Party" and collectively as "Parties" herein).

RECITALS

1. Pursuant to Section 10-8-14, Utah Code Annotated 1953, as amended, cities may construct, maintain, and operate telecommunication lines and cable television lines.
2. Pursuant to the provisions of the Interlocal Cooperation Act, Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the "Interlocal Act"), cities may exercise and enjoy jointly with other cities any power, privileges or authority exercised or capable of exercise by a city.
3. The Interlocal Act permits cities to make the most efficient use of their power by enabling them to cooperate with other cities on the basis of mutual advantage and thereby to provide services and facilities in a manner and under forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs of development of local communities and will provide the benefit of economy of scale, economic development, and utilization of natural resources for the overall promotion of the general welfare of the State of Utah.
4. Pursuant to the Interlocal Act, certain municipalities organized UIA to provide for the acquisition, construction, and installation of facilities, fiber wires and equipment together with related improvements for the purpose of connecting properties within such municipalities and elsewhere to an advanced fiber optic communications network (the "UIA Network").
5. UIA is a separate legal entity, body politic and corporate and a political subdivision of the State of Utah regularly created, established, organized and existing under and by virtue of the provisions of the Interlocal Act and of the Constitution of the State of Utah.
6. The City has determined that there is a need within the City to provide Connection Services (as herein defined) to its residents.
7. UIA has determined that it has excess capacity in the UIA Network to provide the Connection Services and desires to offer such excess capacity to the City.
8. The City now desires to cease to be acquired, installed, constructed and completed an advanced fiber optic communications network to serve residents of the City through the undertaking of the improvements contemplated hereby (as more fully described herein, the "Improvements") and desires further that UIA shall acquire and install said

C-2

Improvements and to pledge to UIA and remit to the hereinafter defined Trustee an amount of its electrical fee revenues and sales tax revenues (as hereinafter defined) to accomplish the objectives set forth herein.

9. The Improvements will be owned by UIA (as more particularly described herein, the "UIA-Owned Improvements").

10. It is the intention of the Parties that the Improvements to provide the Connection Services be operated and managed for the mutual benefit of the Parties and that the City will pay or cause to be paid Service Fees to UIA calculated in accordance with Section 3.1 of this Contract. The amounts paid by the City hereunder do not constitute a purchase of any assets or facilities owned by UIA, and are made solely in consideration for the Connections Services provided by UIA to the City.

11. The Connections Services provided under this Contract are not Cable Television Services or Public Telecommunications Services as defined in the Municipal Cable Television or Public Telecommunications Services Act, Title 10, Chapter 18, Utah Code Annotated 1953, as amended (the "Telecommunications Act").

AGREEMENT

In consideration of the acquisition and installation of the Improvements and the Connection Services herein provided, the benefit the City shall receive from such activities and the mutual covenants contained herein, the Parties agree as follows:

ARTICLE I DEFINITIONS

In addition to the defined terms defined in the recitals and elsewhere in this Contract, the following terms, whether in the singular or in the plural, when used herein and in the exhibits hereto, shall have the meanings set forth below:

"Aggregation Site" means the real property or easement on real property on which the Morgan City Fiber Hut will be located.

"Agreed Upon End Users" means the number of end users to be provided services pursuant to this Service Contract to satisfy the City's obligation to meet the UIA Revenue Requirement, which shall be 502 end users. UIA estimates that the Agreed Upon End Users are expected to produce approximately \$180,720 of Revenues annually.

"Capital Costs" means (a) the payment of any obligations incurred by UIA to finance or refinance the costs of the Improvements, and (b) amounts required to be deposited from time to time into required reserves established in connection with any financing referenced in (a) above.

"City" means Morgan City, Utah.

"City Fees" means fees paid by the City to UIA for the provision of Connection Services to City owned facilities or resources at the Product Catalog wholesale rates of UIA pursuant to paragraph 3.19 below.

"City Fiber Hut(s)" means the shelter(s), electronics, switches, routers, fiber terminations, conduits, cables, racking, generator, UPS units, cooling systems, and other support systems to support the Mainline System, Interconnect(s), and other future potential interconnects located on the Aggregation Site.

"City Network" means fiber optic lines, connection lines and related improvements acquired and constructed by UIA together with the acquisition by UIA of access rights and capacity in the UIA Network and UTOPIA Network and access rights and capacity in other networks within the City or for the benefit of the City.

"Communications Enterprise" means the enterprise established by the City pursuant to the Uniform Fiscal Procedures Act for Utah Cities, Title 10, Chapter 6, Utah Code Annotated 1953, as amended, to facilitate the providing of high speed communications services through the City Network to new and users within the City pursuant to this Contract.

"Connection Services" means the wholesale services provided by UIA to the City pursuant to this Contract whereby end users within the City have access to the Improvements through which they may contract with private providers to receive the Cable Television Services and Public Telecommunication Services (as those terms are defined in the Telecommunications Act) provided through the City Network. The term Connection Services includes Connection Services Capacity and is more particularly described in Exhibit A attached hereto and incorporated herein.

"Connection Services Capacity" means the access rights to and capacity in the City Network.

"Contract" means this Fiber Communications Service and Acquisition Contract dated as of January 2, 2019, as it may be amended from time to time in accordance with Section 5.15 herein.

"End Users" means those end users to be provided services pursuant to this Contract.

"Electrical Fee Revenues" means all revenues, fees, and similar charges collected by the City for the provision of electric services through the City's electric enterprise fund in an amount up to \$90,360 annually.

"Fiscal Year" means a period commencing on July 1 and ending on the next succeeding June 30.

"Hook-up Lease Revenues" means the revenues that are generated pursuant to the Hook-up Leases.

"Hook-up Leases" means any and all agreements between the City or UIA and each End User that allows such End User to connect to the City Network.

"Improvements" means those facilities, improvements, and access, lease, use and/or capacity rights acquired, constructed, and/or installed, operated and maintained by UIA within the City or specifically undertaken for the benefit of the City to provide Connection Services to and within the City to the End Users pursuant to this Contract, as more fully described in Exhibit A attached hereto, and incorporated herein.

"Indenture" means that certain General Indenture of Trust dated as of [redacted], 2019 between UIA and the Trustee.

"Interconnect" means the fiber route(s) between the UTOPIA Network backbone and the connection point to the Mainline System.

"Mainline System" means all of the newly installed fiber, conduits, handholes restorations and other materials along the roads and within the City limits as depicted in Exhibit C hereto.

"Operating Contingency" means an unplanned event or circumstance, a series of events or circumstances, or any restriction or condition imposed by any governmental authority which reduces and materially adversely affects access to the Improvements.

"Original Term" has the meaning ascribed to such term in Section 5.16 hereof.

"Revenues" means the Service Fees, City Fees, and the Hook-up Lease Revenues generated from services through the City Network to end users within the City pursuant to this Contract.

"Sales Tax Revenue" means all sales tax revenue that the City collects under Sections 59-12-Part 2 of the Utah Code Annotated 1953, as amended, in an amount up to \$90,360 annually.

"Service Fees" means all fees (other than fees relating to the Hook-up Leases) charged by or on behalf of the City to the End Users of the Improvements. The Service Fees of the City shall be payable to UIA in consideration for the Connection Services provided by UIA to the City pursuant to this Contract. The Service Fees shall be calculated and paid pursuant to Article III of this Contract. Service Fees do not include any Hook-up Lease Revenues.

"Trustee" means the entity serving as trustee under the Indenture.

"UIA" means the Utah Infrastructure Agency, a separate legal entity, body, politic and corporate and a political subdivision of the State of Utah, created pursuant to the Interlocal Act.

"UIA Network" means fiber optic lines, connection lines and related improvements and facilities acquired, constructed and owned by UIA, including all access rights and capacity in the UTOPIA Network and access rights and capacity in other networks.

"UIA-Owned Improvements" means the City Fiber Hut(s), Interconnect(s), conduits, fiber cables, enclosures, and electronics constructed within the City under the terms of this Contract.

"UIA Revenue Requirement" means the sum of all Capital Costs of UIA relating to the Improvements during each Fiscal Year or other applicable period. The annual UIA Revenue Requirement is not expected to exceed \$180,720.

"Uncontrollable Forces" means any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbances, labor disturbance, sabotage, and restraint by court or public authority.

"UTOPIA" means the Utah Telecommunication Open Infrastructure Agency, a separate legal entity, body, politic and corporate and a political subdivision of the State of Utah, created pursuant to the Interlocal Act.

C4

"UTOPIA Network" means UTOPIA's wholesale telecommunications network, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said network.

"UTOPIA Product Catalog" means the catalog of products and services maintained by UIA.

ARTICLE II CONNECTION SERVICES AND ACQUISITION OF IMPROVEMENTS

Section 2.1 **Connection Services.** UIA shall provide to and within the City and the City shall receive from UIA, Connection Services, including Connection Services Capacity, sufficient to allow not less than the Agreed Upon End Users benefitting from the Improvements within the City to connect to the City Network.

Section 2.2 **Availability.** UIA shall provide continuous Connection Services barring only emergency or scheduled downtime, maintenance, and Operating Contingencies.

Section 2.3 **Acquisition, Date of Commencement and Substantial Completion.** UIA shall undertake and perform all of the work associated with the acquisition, installation, construction and completion of the Improvements. The date of commencement of the work relating to the Improvements shall be the date of full execution and delivery of this Contract or if provision is made for a later date to be fixed in a notice to proceed issued by the City, that fixed date. UIA shall achieve substantial completion of the Improvements, which will allow least 90% of the Agreed Upon End Users to sign up and schedule installation for services under UIA's typical process and timeframes, not later than 240 days from the date of commencement. The City shall provide a parcel of real property or an easement to a parcel of real property to site the Aggregation Site within 30 days from the date of commencement.

Section 2.4 **Price of Improvements.** The City and UIA agree that the Guaranteed Maximum Price (the "GMP" or the "Contract Sum") for the Contract will be Two Million Four Hundred Nine Thousand Dollars (\$2,409,000) (broken out as follows: One Million Seven Hundred Ninety-Six Thousand Dollars (\$1,796,000) for the Mainline System, including the City Fiber Hut(s); Four Hundred Eighteen Thousand Dollars (\$418,000) for installations; One Hundred Sixty Thousand Dollars (\$160,000) for property acquisition; and Thirty-Five Thousand Dollars (\$35,000) for electronics. This GMP is based on the acquisition, installation, construction and completion of the Improvements more particularly set forth in Exhibit B hereto.

Section 2.5 **Cost Overruns.** UIA shall be solely responsible for the acquisition, installation, construction and completion of the Improvements and Connection Services and shall also be responsible for any cost overruns above and beyond the GMP set forth in Section 2.4 hereof.

Section 2.6 **Residential Installations.** UIA will perform residential installations to subscribed locations within the City Network as part of the Hookup Lease entered into with an End User. Installations include the typical sign-up process available through UIA's

online ordering system, scheduling, materials and labor for the placement of drop conduit, fiber cable, splicing, indoor fiber termination electronics, and a single Cat5e installation to the subscriber's router. Only a standard UIA installation based on a lowest-cost-path is included. Alternative routes, cable fishing, or subscriber preferences that increase the expense of UIA's standard installation may be negotiated with UIA or a UIA approved contractor on a case-by-case basis at the subscriber's expense.

Section 2.7 **Non-Residential Installations.** UIA will perform non-residential (i.e. business) installations at its own expense based on the terms of the then-current UTOPIA Product Catalog.

Section 2.8 **Acceptance.** UIA will provide as-built drawings, inspection reports, and test documentation of the completed Improvements.

Section 2.9 **Repair.** UIA will be responsible for repairing or replacing any conduit, fiber, or system electronics that become damaged or defective from normal wear and use of City Network assets. In the event that another party is responsible for the damage, including but not limited to traffic accidents, construction, and relocations, UIA will pursue compensation from the responsible party. In the event that repair/replacement costs are not recoverable from a third party, including but not limited to vandalism, natural disaster, acts of God, or inability to identify responsible party, UIA will be responsible for costs associated with the electronics replacement and the City will be responsible for reimbursing UIA for expenses for other repair costs.

Section 2.10 **Electronics Maintenance.** UIA is responsible for maintaining the electronics of the City Network, including aggregation switches, subscriber demarcation devices, and transceivers.

UIA is responsible for maintaining the support systems including cabinet, battery backup systems, generator, transfer switches, and air conditioners.

UIA will perform regular maintenance on the electronics and support systems including configuration updates, code updates, firmware updates, cleanings (as necessary), refueling, battery replacement, and other tasks needed to keep the City Network in working condition.

Section 2.11 **Electronics Replacement.** UIA agrees to keep the electronics components of the City Network current with industry standards and competitive options. UIA commits that all electronics components of the City Network are new or like-new condition and meet current standards at the time of installation. All electronics components of the City Network will support 1 Gbps speeds throughout the City Network. The City Network will also be designed so that 10 Gbps service can be available anywhere within the City Network with only a change of electronic interfaces so that the option to upgrade to 10 Gbps service is available anywhere in the City.

During the term of this Contract, UIA agrees to upgrade or replace at its own expense the electronics components of the City Network as necessary to support the same product availability as is generally available in other UIA member or partner cities.

Section 2.12 Utility Locating. UIA will provide utility locating services directly or via sub-contractor for the City Network through the duration of this Contract.

Section 2.13 Ownership of Improvements. It is agreed and understood that all real and personal property constituting the UIA-Owned Improvements shall be owned by UIA.

ARTICLE III

PAYMENT FOR CONNECTION SERVICES; DISTRIBUTION OF REVENUES

Section 3.1 Determination of Payment/Revenue Distribution.

(a) In consideration for all of the services provided by UIA hereunder, the City agrees to pay or have paid an amount to UIA equal to the UIA Revenue Requirement.

(b) In consideration for the providing of Connection Services by UIA, the City shall pay or have paid to UIA or its successor or assigns for each Fiscal Year, if then due and owing, all of the Service Fees charged for such services during said Fiscal Year, to be paid and remitted to UIA or its successor or assigns on a monthly basis in accordance with Section 3.3. Subject to Section 3.2(b) hereof, such Service Fees are anticipated to commence when the City is provided with Connection Services related to the Improvements and when one or more Agreed Upon End Users have been charged Service Fees. The City or UIA on behalf of the City shall charge or caused to be charged to all end users Service Fees and shall remit or UIA on behalf of the City shall collect and remit said Service Fees to UIA on a monthly basis and in accordance with Section 5.12 hereof.

(c) Upon receipt of the City Fees, UIA will apply the City Fees toward the payment of the UIA Revenue Requirement.

(d) UIA shall also, on behalf of the City, impose and collect fees and charges for the Hook-up Leases and will apply such Hook-up Lease Revenues toward the payment of the UIA Revenue Requirement.

(e) Upon termination of this Contract in accordance with Section 5.16 hereof, all Revenues will become revenues of and belong to UIA.

Section 3.2 Obligation is Absolute.

(a) The City hereby pledges the Revenues and grants a security interest in and a first irrevocable lien on the Revenues as security for payment of the UIA Revenue Requirement and the City hereby agrees to apply the Revenues as payment for the UIA Revenue Requirement.

(b) Subject to the provisions of Section 3.3 hereof limiting the sources of payment hereunder, the City's payment obligations hereunder to UIA for Connection Services and other services hereunder and related to the Improvements pursuant to this Article III shall be irrevocable, absolute and unconditional and shall not be subject to any reduction, whether by defense, recoupment, counterclaim, set off, termination, or offset or otherwise, and shall not be conditioned upon the construction, performance or non-performance of the Improvements by UIA, the remedy for non-performance being limited to mandamus, specific performance or equitable remedy. Notwithstanding the foregoing, it is not intended that the City by this Contract assume any obligation or liability as a guarantor, endorser, surety, or otherwise with respect to any obligations incurred by UIA with respect to the Improvements.

Section 3.3 Special Limited Obligation. The City agrees to pay the Revenues due to UIA for Connection Services and other services hereunder related to the Improvements in monthly installments. Subject to Section 3.5 herein, the City's obligations to make monthly payments pursuant to this Section 3.3 shall constitute an obligation payable solely from Revenues. In no event shall the obligations of the City hereunder be construed as a general obligation or indebtedness of the City within the meaning of any constitutional or statutory limitation or provision or payable from ad valorem property taxes of the City. The Parties acknowledge and agree that such payments shall be made out of the enterprise fund established with respect to the City's Communications Enterprise. Each monthly installment shall be due and payable by the City to UIA not later than the fifteenth day of the next succeeding month. A final accounting of all transactions between UIA and the City in each Fiscal Year shall be rendered to the City by UIA on or before the 90th day of the succeeding Fiscal Year. The final accounting shall specify the amount, if any, which the City must pay to UIA to reconcile total monthly payments with actual amounts due UIA with Revenues indicated by an underpayment or overpayment to be made by the City or UIA respectively, which amount shall be payable to UIA no later than 30 days after the receipt of the final accounting.

Section 3.4 Default in Payment. If the Revenues are not paid in full on or before the close of business on the fifteenth day of the month in which said Revenues are due, an interest charge will be made at the rate of ten percent (10%) per annum or the maximum rate of interest legally chargeable, whichever is less. If all or a portion of the Revenues remain unpaid subsequent to the fifteenth day of the month in which the Revenues are due, UIA may, upon giving thirty (30) days' advance written notice calculated from the date of receipt of such notice by the City, discontinue Connection Services and other services hereunder to the City unless, and may refuse to resume said services to said City until, the delinquent installment has been paid. From and after the effective date of such notice, UIA may, in its sole discretion, not provide Connection Services or other services hereunder to the City.

Section 3.5 Use of Electrical Fee and Sales Tax Revenues.

(a) In the event and to the extent there shall be a shortfall in the Revenues (a "Shortfall"), such that UIA shall not have sufficient moneys from Revenues to pay the UIA Revenue Requirement when due, and if UIA shall for any

reason fail to cure such Shortfall on behalf of the City, the City hereby pledges and agrees to advance to UIA its Electrical Fee Revenues and Sales Tax Revenues by remitting such Electrical Fee Revenues and Sales Tax Revenues to the Trustee to cure such Shortfall.

(b) On or prior to each January 1 and July 1 commencing January 1, 2019, UIA shall determine:

(i) the UIA Revenue Requirement due on the next succeeding March 15 or September 15, as applicable, and

(ii) the amount of Revenues UIA reasonably believes will be available for payment of the UIA Revenue Requirement on said March 15 or September 15. In addition, UIA shall inform the Trustee and the City of any Shortfall and shall, on or prior to each January 15 or July 15 as applicable, submit a request to the City to remit to the Trustee, Electrical Fee Revenues and Sales Tax Revenues equal to the Shortfall described and calculated in accordance with the provision set forth above. The City agrees to pay the Shortfall to the Trustee no later than the next succeeding March 15 or September 15, as applicable. UIA covenants to take such other action as it lawfully may take to assure that the City remits to the Trustee from Electrical Fee Revenues and Sales Tax Revenues any Shortfall pursuant to this Contract.

(c) If for any reason UIA or the City fails to comply with their obligations under Section 3.5(b) of this Contract, the Trustee pursuant to Section 5.2(b) of the Indenture will, at any time during which a Shortfall exists, submit a request to the City to remit to the Electrical Fee Revenues and Sales Tax Revenues equal to the Shortfall described and calculated in accordance with the provision set forth above. The City agrees to pay the Shortfall to the Trustee no later than the next succeeding March 15 or September 15, as applicable.

(d) The City may create or incur additional debt or other obligations secured by a pledge of the City's revenues generated from the City's electrical fees and revenues generated from the City's sales tax on a parity with the pledge created pursuant to this Section 3.5 so long as the total revenues generated from the City's electrical fees and total revenues generated from the City's sales Tax received by the City during the Fiscal Year immediately preceding the Fiscal Year in which the additional parity debt or obligation is to be issued or incurred, as appropriate, are not less than 150% of the maximum annual debt service in any given Fiscal Year on the sum of (i) the debt service on the additional parity debt or obligation plus (ii) debt service on any debt or obligation previously issued or incurred, as appropriate, and outstanding plus (iii) the debt service on any obligations issued by UIA and payable from amounts paid or received under this Contract, tested for the period of such additional parity debt or obligation.

(e) All Electrical Fee Revenues and Sales Tax Revenues paid by the City to the Trustee or UIA or its designee pursuant to this Section 3.5 shall constitute a loan by the City to UIA which shall be paid by UIA at the time and in

the manner as provided in the form of a promissory note attached hereto as Exhibit D from future revenues of UIA. The City shall be entitled to interest on each loan advance from the date said advance is made by the City to the Trustee or UIA or its designee, at the per annum rate equal to the rate of return at the Utah Public Treasurer's Investment Fund in effect at the time of execution and delivery of the promissory note, unless by agreement of the City and UIA a lesser interest rate is set forth in the executed promissory note for said loan. The City acknowledges that the loan obligation incurred by UIA herein shall be subordinate and junior to UIA's other payment obligations. Payment obligations represented by a promissory note shall survive termination of this Contract until paid in full or otherwise extinguished.

(f) During the term of this Contract, the City covenants that it will not, unless directed to do so by the State of Utah or a court of competent jurisdiction, reduce the rate of the electrical fee or sales tax from which it derives Electrical Fee Revenues and Sales Tax Revenues.

Section 3.6 Succession Proceedings. UIA or its designee shall have the right from time to time to begin and maintain successive proceedings against the City for the recovery of all Service Fees or Shortfalls required to be made under this Contract by the City and to recover the same upon the liability of the City herein provided. Nothing herein contained shall be deemed to require UIA to defer commencement of any such proceeding until the end of the term of this Contract.

Section 3.7 Remedies. UIA or its designee may take whatever action at law or in equity may appear necessary or desirable to collect the amounts payable by the City hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the City under the provisions of this Contract. Such action may include, but is not limited to, suspension or termination of services to the City for City purposes. The City may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of UIA under the provisions of this Contract.

Section 3.8 No Exclusive Remedy. No right or remedy herein conferred upon or reserved to UIA or its designee or the City is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing. The failure of UIA or its designee or the City to insist at any time upon the strict observance or performance by the other parties to this Contract of any of the provisions of this Contract, or to exercise any right or remedy provided for in this Contract, shall not impair any such right or remedy nor be construed as a waiver or relinquishment thereof for the future. Receipt by the Trustee, UIA or its designee of any payments required to be made under this Contract with knowledge of the breach of any provisions of this Contract, shall not be deemed a waiver of such breach. In addition to all other remedies provided in this Contract, UIA or its designee or the City shall be entitled, to the extent permitted by applicable law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the provisions of this Contract, or to a decree concerning performance of any of the provisions of this Contract, or to any other remedy legally allowed. If any proceeding shall be brought for the enforcement of any right or remedy provided for in this Contract in

which it shall be determined that the City shall have failed and continued to fail to make a payment of Fees due under this Contract at the time of commencement thereof, the City shall pay UIA or its designee all expenses incurred in connection therewith including, without limitation, reasonable attorneys' fees and expenses. In like manner, if it should become necessary for the City to bring legal proceedings against UIA or its designee to enforce any right given it hereunder, the City shall have the right, if it is successful in such proceedings, to the payment by UIA of all expenses incurred in connection therewith including, without limitation, reasonable attorneys' fees, and expenses.

Section 3.9 Right of Designee to UIA to Exercise Remedies. At any time UIA or its designee is entitled to enforce any of the rights or remedies provided for in this Contract, the designee may proceed, either in its own name and as trustee of any express trust or otherwise, to protect and enforce its rights and those of UIA under this Contract, whether or not UIA shall have complied with any of the provisions hereof or proceeded to take any action authorized or permitted under applicable law. Such rights and remedies as are given UIA hereunder shall also extend to its designee and the designee shall be entitled to the benefit of all covenants and agreements in this Contract contained.

Section 3.10 City not Obligated for UIA Debt. All obligations of UIA are payable solely by UIA and are not a debt or other obligation of the City; *provided however*, that nothing in this Section 3.10 shall be construed as limiting the City's obligations under Section 3.5 of this Contract.

Section 3.11 Billing and Collection by UIA. For purposes of expediency and efficiency, UIA will provide billing and collection services for Connection Services and Hook-up Leases to the End Users on behalf of the City. Revenues received by UIA from such activities are properly allocable and will be allocated to UIA and to the City as provided in this Contract.

Section 3.12 Disposition at Termination. After this Contract has expired in accordance with its terms, unless otherwise agreed to by the Parties, all Revenues generated by the collection of Service Fees and Hookup Lease Revenues under this Contract shall belong solely to UIA, less payments due to the City under any Promissory Note or other obligation arising out of this Contract.

Section 3.13 Exclusive Use. UIA will have exclusive use of the City Network for purposes of providing services directly or in partnership with service providers approved by UIA to subscribers of the City Network. Third parties may only utilize the system in partnership with UIA.

Section 3.14 System Capacity.

(a) UIA has determined that it has excess capacity in the UIA Network to provide the Connection Services and that it will make such capacity available to the City.

(b) UIA agrees to provide a minimum of 20 Gbps of network capacity to the City Fiber Hut(s) upon acceptance of the completion of the City Fiber Hut(s). UIA agrees to maintain at least 30% headroom of unused capacity to the

Aggregation Site and will at its own expense monitor and upgrade the capacity to the Aggregation Site of the City Network if it exceeds 70% utilization based on a 95%/5min interval monthly calculation.

Section 3.15 Service Providers. UIA will make the City Network available to all of its contracted service providers under the same terms and conditions as other cities in Morgan County. Such service providers are not obligated to provide services within the City.

Section 3.16 Network Operations Center (NOC) Services. UIA agrees to provide monitoring of the City Network on a 24/7 basis from its NOC. This includes device monitoring, outage notifications, configuration of devices, diagnostics, repair dispatch, and other services as generally provided by the NOC.

Section 3.17 Network Engineering Services. UIA will maintain the configurations, code, and design of the City Network to ensure that it meets the needs of the City Network. Additionally, UIA agrees to provide network design services to the City for the purposes of interconnecting the City.

Section 3.18 Field Technician Services. Field technician services will be provided by UIA during the term of this Contract. Such services include dispatch and resolution services.

Section 3.19 City Connections. The City is entitled to receive services from UIA at the Product Catalog wholesale rates of UIA.

Section 3.20 Customer Service. UIA staffs a customer service call center for sales, information, and other miscellaneous issues. For outages, technical support, and billing issues, subscribers are generally expected to call their contracted service provider. In the event a service provider determines the issue is related to problems with the City Network and not the service provider or in-home equipment, then the service provider may refer the issue to UIA.

Section 3.21 Technical Support. UIA is responsible for providing technical support for the connection up to the demarcation switch in each home or business. Technical support for customer routers, in-home wiring, computers, and in-home Wifi is not service that UIA provides. Such services are generally expected to be handled by the subscriber's contracted service provider based on their terms of service.

Section 3.22 IT Systems. UIA will be responsible for incremental costs for software licensing expenses incurred for managing the City Network including device monitoring, billing software, configuration management, and automated provisioning systems.

Section 3.23 Geographic Information System (GIS). UIA will be responsible for maintaining GIS data for the City Network, including the costs for any software licensing, hardware, and data archival expenses.

ARTICLE IV

APPROVAL AND PUBLICATION REQUIREMENTS

Section 4.1 Submission to Authorized Attorney. This Contract shall constitute an agreement for joint and cooperative action pursuant to the Interlocal Act. In accordance with the requirements of Section 11-13-202.5 of the Interlocal Act, as amended, this Contract shall be submitted for approval to the governing bodies of UIA and the City and to an authorized attorney for UIA and for the City who shall approve this Contract if such attorney determines that it is in proper form and compatible with the laws of the State of Utah.

Section 4.2 Publication. In accordance with the requirements of Section 11-13-219 of the Interlocal Act, as amended, the governing body of UIA shall provide for the publication of the resolution adopted by it pursuant to the requirements of Section 11-13-202 of the Interlocal Act, as amended, in the official newspaper or the newspaper published within its boundaries, or if no newspaper is so published, then in a newspaper having general circulation therein.

ARTICLE V

GENERAL PROVISIONS

Section 5.1 Acquisition and Construction of the Improvements. UIA represents that it will acquire or cause to be acquired all permits, licenses, rights and privileges, structures, equipment, and facilities with respect to the acquisition and construction of the Improvements necessary for the performance by UIA of this Contract. UIA shall maintain and defend such permits, licenses, and rights and privileges and shall not voluntarily permit any change therein that would result in impairment of the performance by UIA of its obligation under this Contract.

Section 5.2 Risk of Loss. Each Party is solely responsible for the risk of loss of, or damage to, equipment of that Party (regardless of where located), unless the loss or damage results from the negligence or fault of the other Party.

Section 5.3 Several Obligations. Except where specifically stated in this Contract to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Contract shall ever be construed to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation, or liability on or with regard to either Party. Each Party shall be individually and severally liable for its own obligations under this Contract and shall not be liable for any obligation of the other.

Section 5.4 Liability Dedication. Nothing in this Contract shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a party to this Contract.

Section 5.5 Books and Records. UIA agrees that it shall maintain separate bank accounts, books and records relating to the Improvements and that proper and equitable allocations of revenues and expenses will be made with respect to the operations of the Improvements. The City shall receive from UIA a monthly statement on the accounting and disposition of Service Fees. Also, UIA shall submit to the City such supporting data with respect to all annual budgets and yearly accounting reconciliations as are reasonably necessary to enable the City to effect proper accounting therefor. All bank records, books of account and accounting records of UIA relating to this Contract shall be available for inspection and utilization by a duly authorized officer or designee of the City at all reasonable times. UIA shall cause such books of account of the Improvements to be audited annually by independent public accountants experienced in utility accounting. A copy of each such annual audit, including any recommendations of the accountants with respect thereto, shall be promptly made available by UIA to the City.

Section 5.6 Relationship to Other Instruments. It is recognized that UIA must comply with all licenses, permits and regulatory approvals necessary for the ownership, acquisition, construction and operation of the Improvements, and it is, therefore, agreed that this Contract is made subject to the terms and provisions of such licenses, permits and regulatory approvals, except that the City shall not be bound by any term or provision of any license, permit, or regulatory approval, which may contradict or vary the terms hereof unless it expressly consents in writing to be so bound. The City agrees that it will not revise or amend its Service Fees charged to end users under its Communications Enterprise in any manner that would adversely affect the priority of or the security for the payments to be made thereunder to UIA without the mutual consent of the Parties.

Section 5.7 Liabilities. The City, its officers, designees, and employees, or any of them, shall not be liable for any claims, demands, costs, losses, causes of action, damages or liability of whatsoever kind or nature arising out of or resulting from the ownership, acquisition, construction and operation by UIA of the Improvements. UIA, its officers, designees, and employees, or any of them, shall not be liable for any claims, demands, costs, losses, causes of action, damages or liability of whatsoever kind or nature arising out of or resulting from the performance by the City under this Contract.

Section 5.8 Assignment. Except for security purposes in connection with any obligations incurred by UIA, neither this Contract nor any part hereof shall be assigned by any Party without prior written consent of the other.

Section 5.9 Furnishing Service to Others. UIA, by entering into this Contract, does not hold itself out to provide the Improvements or similar service to any other person or entity.

Section 5.10 Uncontrollable Forces. No Party shall be considered to be in default in respect to any obligation hereunder, other than under Article III, if prevented from fulfilling such obligation by reason of an Uncontrollable Force. If a Party is rendered unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such inability with all reasonable dispatch and shall keep the other Parties fully informed of changes and conditions as far in advance as possible.

C-10

Section 5.11 Communications Enterprise. The City will operate and maintain, or cause to be operated and maintained, its Communications Enterprise in good operating order and will fix, charge, and collect rates, fees, and charges in accordance with Section 5.12 herein.

Section 5.12 Imposition and Collection of Fees. The City has previously established or will establish a Communications Enterprise and hereby represents that it charges or causes to be charged on its behalf all end users within the City through its Communications Enterprise monthly fees for each connection to the City Network in consideration for the Connection Services and other communications services provided by the City. The City shall establish or cause to be established such enforcement procedures as may be necessary to collect such fees. Said fees, when collected, shall be used by the City to pay its obligations under this Contract.

Section 5.13 Cable Television Services and Public Telecommunications Services. The Parties hereto acknowledge and represent that neither party, by entering into this Contract, shall provide or be required to provide Cable Television Services or Public Telecommunications Services as defined in the Telecommunications Act, nor is either party capable of providing said services. Furthermore, the Parties hereby acknowledge and represent that to the best of their knowledge, the City is paying for the full cost of providing the Connection Services or other services received by it pursuant to this Contract.

Section 5.14 Entire Agreement. This Contract constitutes the entire agreement among the Parties with respect to the subject matter hereof. No change, variation, termination, or attempted waiver of any of the provisions of this Contract shall be binding on the Parties unless executed in writing by the other Party. This Contract shall not be modified, supplemented, or otherwise affected by course of dealing.

Section 5.15 Amendments. This Contract shall not be amended, modified, or otherwise altered in any manner without the consent of the parties hereto, which consent shall not be unreasonably withheld; provided however, that Section 3.5, Section 5.16, Section 5.18, and Section 5.19 hereof shall not be amended until such time that any obligations issued by UIA and payable from amounts paid or received hereunder shall have been retired in accordance with their terms.

Section 5.16 Effective Date and Original Term; Termination. This Contract shall be effective as of the date hereof and shall continue in effect until April 1, 2039 (the "Original Term"), or such later time when any obligations issued by UIA and payable from amounts hereunder shall have been retired in accordance with their terms.

Section 5.17 Notice. Any notice, demand, or request provided for in this Contract shall be in writing and shall be deemed properly served, given, or made if delivered in person or sent by registered or certified mail, postage prepaid, to the persons specified below:

UIA: UTOPIA

Morgan City
P.O. Box 1085

5858 South 900 East
Murray, UT 84121
Attn: Chief Executive Officer

Morgan, UT 84050
Attn: Mayor

The Parties may, at any time, by notice to the other designate different or additional persons or different addresses for the giving of notice hereunder.

Section 5.18 Third-Party Beneficiaries. The terms and provisions of this Contract shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and assigns, including the Trustee, and is made for their benefit. Further, the Trustee is an intended third-party beneficiary for purposes of Section 3.5 hereof, including without limitation its rights to Electric Fee Revenues and Sales Tax Revenues in the event of any Shortfall and to pursue all remedies related thereto. No other person shall have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Contract as a third-party beneficiary or otherwise.

Section 5.19 Governing Law. This Contract shall be interpreted, governed by, and construed under the laws of the State of Utah.

Section 5.20 Execution in Counterparts. This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.21 Severability. If any provision of this Contract shall be held or be deemed to be or shall, in fact, be illegal, inoperative, or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatsoever.

[Signature pages follow]

IN WITNESS WHEREOF, the Parties hereto have executed this contract this day and year herein first above written.

(SEAL)

UTAH INFRASTRUCTURE AGENCY

By: _____
Chair

ATTEST AND COUNTERSIGN:

By: _____
Secretary

Pursuant to Section 11-15-202.5 of the Utah Code Annotated 1993, as amended, the foregoing Contract is hereby approved.

Attorney for Utah Infrastructure Agency

Attorney for Morgan City, Utah

(SEAL)

MORGAN CITY, UTAH

By: _____
Mayor

ATTEST AND COUNTERSIGN:

By: _____
City Recorder

C-11

EXHIBIT A

CONNECTION SERVICES

Strategic Partner Management

Recruit and manage strategic partnerships, which will include but not be limited to Business and Residential Service Providers and Services Providers. Attract new technologies to the network to facilitate new service offerings on the network and leverage the City's existing network and its communities.

UIA will negotiate on behalf of the City the contract and contract amendments, enforce contracts with Providers and ensure Service Level Agreements are met according to business and contractual obligations.

Product Management

Recommend, develop wholesale pricing model along with the City and strategic partners. This will include new wholesale pricing for newly developed products brought by UIA and its Strategic Partners.

Present developed model and any changes the City and strategic partners for rollout on the Network. Maintain, modifying and bring to end-of-life wholesale products on the network.

Planning, Design and Implementation

UIA will provide planning, design and implementation of the City's network as requested. A full outside plant design, network design and operational impact review will be provided along with a project implementation plan timeline, along with associated budget for the plan. The plan will include:

- * Creation/Import of city records into GIS system
- * Estimated cost for the outside plant build requested area
- * Estimated cost for the network engineering build
- * Project Engineer to interact and answer questions about the proposals and presentations
- * Support for submittal of change orders for any changes on the design plan
- * Supporting production map(s) and documentation for proposed build areas
- * Extract of information in supported format provided by UIA

Marketing/Advocate Awareness Program

UIA will instigate and oversee any marketing and communications efforts that are necessary to the network's success. This could include campaigns within city governments, residential markets, multi-dwelling unit markets, business markets, or with community and national thought leaders, policy makers and other audiences. In particular, UIA will seek opportunities to develop and educate about future quality-of-life, public safety, and economic development opportunities on the network, working to build the network's reputation as necessary public infrastructure.

UIA will recruit and manage personnel and/or contractors to assist in promoting the network and growing the subscriber base. The City may assist with the promotion activities as long as it receives the prior written approval from UIA to do so.

GIS Services

Upon implementation of new network designs UIA will create, manage and maintain a Geo-spatial database to track the build of the City's network. UIA will provide a conversion method to import engineering documentation (CAD Conversion) and modify the geo-spatial database to include AS-Built updates as reported.

Continued support will be offered by taking GPS data collection for key OSP elements, recording that information into the database, providing and tracking fiber assignments made for provisioning services and when requested, provide an extract of the database for the Cities in an available format

Outside Plant Services

During construction UIA will appoint a Project Manager to oversee all approved construction for the specific project. They will manage the RFP process using UIA standard policies to award construction bids and select qualified contractors. They will provide management over employees and contractors during the construction process by assigned construction work packages and ensuring industry best practices and consistent engineering specifications are met.

The Project Manager will ensure:

- * Budget tracking and reporting is available for the City
- * Obtain necessary field permits and obligations
- * Issues are tracked and brought to resolution for the City or its residents
- * RMA process is followed
- * Inventory is managed and accounted for
- * Maintaining necessary levels of inventory to complete work packages
- * Ensure construction work through Quality Assurance procedures

Field Services

UIA will provide field crews and/or contractors to be deployed in the field to manage the physical plant which is constructed for the City. UIA will maintain physical huts and cabinets on the network. During the event of an issue the Field Services Group will respond to any actual damage to physical plant and manage and execute the repair needed for restoring the physical plant as deemed necessary by UIA.

Network Engineering Services

UIA will provide network engineers and/or contractors to evaluate, recommend the needed electronics to provide wholesale services on the network. These Network engineers will:

- * Test and certify network electronics for deployment
- * Create, maintain physical and logical topology of the Network
- * Configure and install the necessary devices in the network as needed
- * Resolve any issues with these devices and replace parts or device as needed
- * RMA through standard processes
- * Research and Development of new technologies along with strategic partners
- * Capacity planning of the network

Operations Management

UIA will provide management oversight of operational support of the network. This will include:

Integration: Integration of strategic partners onto the network, establishing standard interfaces and operational methods and procedures with these partners. UIA will assist strategic partners in understanding integration points of products and services on the network.

Operational Methods and Procedures: Develop supporting methods and procedures to coordinate delivery of services to customers.

Network Operations Center (NOC): 24x7 NOC to monitor health of devices and services on the network. Respond to Strategic Partner requests, manage to resolution reported issues on the network.

Network Repair and Maintenance: Detect, record (through a UIA trouble ticketing solution) and respond to network maintenance and issues. Record and dispatch appropriate teams into the field for issue resolution.

Order Management System: Provide systems to allow the ordering and activation of wholesale services on the network, track customer acquisition and produce invoices, as needed, of wholesale services for cities so that they may invoice residents and UIA may invoice Service Providers.

Reporting: Provide reporting of customers on the network.

Invoicing: Provide information to the City to allow the invoicing of applicable wholesale services on the network, if the City handles its own invoicing.

EXHIBIT B

DESCRIPTION OF IMPROVEMENTS

Physical Improvements

Fiber Optic Communication lines will be deployed throughout the City. These lines will be constructed both overhead and underground in each of the cities "rights of way" following all local, state and federal regulations using industry best practices to deploy the most efficient and cost-effective infrastructure.

Elements of the infrastructure include 3 separate categories: Backbone or middle mile construction, access level or last mile construction and drop level construction.

Backbone or Middle Mile Construction

Consists of both overhead and underground paths, communication shelters to house distribution switches, fiber optic patch panels, uninterruptable power supplies (UPS) and generators. The communication shelters will serve as distribution points within the City and will be connected diversely with ring architecture. Other elements include fiber optic cable, conduit, strand, pole mounting hardware, vaults, splice closures and all other items necessary to construct and operate the network. The testing and certification of the improvements will be in accordance with national industry standards and UTOPIA's Engineering Standards document.

Access Level or Last Mile Construction

Consists of both overhead and underground paths to every subscribed address within the build area. Elements of this type of build include fiber optic cable, conduit, strand, pole mounting hardware, vaults, splice closures and all other items necessary to construct and operate the network. This infrastructure will facilitate and serve as network access points for subscribers to UJA.

Drop Level Construction

Consist of drop fiber and/or conduit being placed from a network access point to the demarcation point within the subscriber's premise where a network interface device will be placed. Elements of this type of build include three quarter inch drop conduit, drop fiber, aerial attachment hardware, network interface device (NID), UPS, fiber pigtail, optical transceiver/receiver, power cord and all other items necessary to construct and operate the network. In some instances, UJA will also be responsible for installing cat5 cable within the homes to provide a connection for the services ordered.

EXHIBIT C

MAP OF MAINLINE SYSTEM

EXHIBIT D

FORM OF PROMISSORY NOTE

\$ _____ (date)

FOR VALUE RECEIVED, the undersigned, Utah Infrastructure Agency ("Borrower"), promises to pay to the order of Morgan City, Utah ("Lender"), the principal sum of _____ (\$ _____) together with all subsequent loan advances made, expenditures authorized and additional payments provided for in this Promissory Note and pursuant to the Fiber Communications Service and Acquisition Contract dated as of _____, 20____, between Borrower and Lender (the "Contract").

1. Definitions. As used in this Note, the following terms shall have the meanings set forth below:

"Effective Date" means the date the terms of this Note, including the accruing rate of interest and the payment obligations described herein, become effective, which date shall be the date the proceeds of the Loan are disbursed to or for the benefit of Borrower.

"Event of Default" means failure by Borrower to pay timely any installment of principal or interest on this Note.

"Loan" means the loan advanced by Lender to Borrower under the terms and upon the conditions contained in the Contract in the principal amount of _____ (\$ _____).

"Maturity Date" means _____.

"Month" means a calendar month.

"Note" means this Promissory Note and any extensions, renewals or modifications thereof.

"Payment Date" means the _____ day of each Month on which Borrower shall pay to Lender accrued interest, or principal and accrued interest, on the outstanding principal of this Note, as required by the terms of this Note.

"Principal Indebtedness" means at any time and from time to time during the term of this Note all advances, disbursements, expenditures, and payments made by Lender after the date of this Note pursuant to the terms of this Note or the Contract.

2. Security. Security for this Note and repayment by Borrower will be limited exclusively to the Revenues, as defined in the Contract, that are generated under the Contract. Borrower's obligation to repay the Note is contingent upon the availability of Revenues generated under the Contract in excess of the UIA Revenue Requirement, as

defined in the Contract. Borrower is not obligated to utilize any other funds to repay this Note.

3. Interest Accruals. The unpaid principal balance will bear interest at the rate set forth in Section 3.5(e) of the Contract.

4. Interest Calculation Basis. All interest accruing under this Note shall be calculated on the basis of a 360-day year for the actual number of days elapsed.

5. Payments of Principal and Accrued Interest.

(a) Beginning on _____, Borrower shall make monthly installment payments to Lender of principal and accrued interest on the unpaid Principal Indebtedness in the amount of _____ (\$ _____) each.

(b) The entire unpaid Principal Indebtedness, together with all accrued and unpaid interest thereon, if not sooner paid, shall be due and payable in full on the Maturity Date.

6. Place of Payment. All payments under this Note shall be made in lawful money of the United States of America at Lender's offices at _____ Utah, or at such other place as Lender may from time to time designate. All payments on this Note shall, at the option of Lender, be applied first to the payment of accrued interest and after all such interest has been paid, any remainder shall be applied toward the reduction of the Principal Indebtedness.

7. Default Rate of Interest. During any period of time which an Event of Default has occurred and is continuing, interest shall accrue against the outstanding Principal Indebtedness evidenced hereby at a rate equal to the otherwise effective rate of interest under this Note plus five percent (5.0%) per annum, calculated on the basis of a 360-day year for the actual number of days elapsed.

8. Prepayment. Borrower may prepay all or a portion of the amount owed earlier than it is due.

9. Late Fee Charges. If any payment required by this Note not received by Lender within ten (10) days after such payment is due, a late fee charge equal to five percent (5.0%) of such late payment shall be due and payable.

10. Incorporation of Contract. The terms, conditions, covenants, provisions, stipulations and agreements of the Contract are hereby made a part of this Note by reference to such document in the same manner and with the same effect as if the Contract were fully set forth herein. Borrower hereby covenants and promises to abide by and comply with each and every covenant and condition set forth in this Note and the Contract.

11. Application of Payments. All payments on this Note shall, at the option of Lender, be applied first to the payment of accrued interest and after all such interest has been paid, any remainder shall be applied toward repayment of any additional advances Lender has made hereunder which have not already been added to the Principal

C-15

indebtedness then outstanding, and the balance, if any, toward the reduction of the Principal Indebtedness.

12. Waivers, Substitution of Security. Borrower waives presentment for payment, notice of dishonor and protest, and consents to any extension of time with respect to any payment due under this Note, to any substitution or release of collateral, and to the addition or release of any party. No waiver of any payment under this Note shall operate as a waiver of any other payment. No delay or failure of Lender in the exercise of any right or remedy provided for under this Note shall be deemed a waiver of such right by Lender, and no exercise of any right or remedy shall be deemed a waiver of any other right or remedy which Lender may have.

13. Governing Law. This Note is to be construed in accordance with the laws of the State of Utah, without giving effect to principles of conflicts of laws.

14. General. Time is of the essence hereof. Upon the occurrence and continuance of an Event of Default, Lender shall have, in addition to all rights and remedies available to Lender at law or in equity, all rights and remedies allowed under Utah law.

DATED effective as of the date first above written.

[Signatures appear on following pages.]

BORROWER:

UTAH INFRASTRUCTURE AGENCY

By: _____
Chair

LENDER:

MORGAN CITY, UTAH

By: _____
Mayor

(SEAL)

ATTEST AND COUNTERSIGN:

By: _____
City Recorder

C-16

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]



15 West South Temple, Suite 1450
Salt Lake City, Utah 84101-1531

(801) 364-5080 / (801) 364-5032 FAX / gilmorebell.com

April 16, 2019

Utah Infrastructure Agency
Murray, Utah

Zions Bancorporation, National Association
Corporate Trust Department
Salt Lake City, Utah

Re: \$2,550,000 Utah Infrastructure Agency Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series 2019

We have acted as bond counsel to the Utah Infrastructure Agency (the "Issuer") in connection with the issuance by the Issuer of its \$2,550,000 Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series 2019 (the "Series 2019 Bonds"). The Series 2019 Bonds are being issued pursuant to (a) a resolution of the Issuer adopted on January 22, 2019, (b) a General Indenture of Trust dated as of April 1, 2019 (the "General Indenture"), as supplemented by a First Supplemental Indenture of Trust dated as of April 1, 2019 (the "First Supplemental Indenture" and together with the General Indenture, the "Indenture"), each by and between the Issuer and Zions Bancorporation, National Association, as trustee.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Indenture has been authorized, executed and delivered by the Issuer, constitutes a valid and binding obligation of the Issuer and creates a valid lien on the Revenues (as defined in the Indenture) and the other amounts pledged thereunder for the security of the Series 2019 Bonds.

2. The Series 2019 Bonds are valid and binding special obligations of the Issuer payable solely from the Revenues and other amounts pledged therefor in the Indenture, and the Series 2019 Bonds do not constitute a general obligation indebtedness of the Issuer within the meaning of any State of Utah constitutional provision or statutory limitation, nor a charge against the general credit of the Issuer.

3. The interest on the Series 2019 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax

purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds.

4. The interest on the Series 2019 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Series 2019 Bonds.

The rights of the holders of the Series 2019 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”), is executed and delivered by the Utah Infrastructure Agency (the “Agency”), in connection with the issuance by the Agency of its \$2,550,000 Telecommunications, Electric Utility and Sales Tax Revenue Bonds (Morgan City Project), Series 2019 (the “Series 2019 Bonds”). The Series 2019 Bonds are being issued pursuant to a General Indenture of Trust dated as of April 1, 2019, as supplemented by a First Supplemental Indenture of Trust, dated as of April 1, 2019 (together, the “Indenture”), by and between the Agency and Zions Bancorporation, National Association, as trustee (the “Trustee”). In connection with the aforementioned transaction, the Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Agency for the benefit of the holders of the Series 2019 Bonds and in order to assist the Underwriter in complying with the Rule (as each such term is defined below). The Agency represents that it will be the only obligated person with respect to the Series 2019 Bonds at the time the Series 2019 Bonds are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Series 2019 Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means the Annual Report provided by the Agency pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Business Day” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the New York Stock Exchange is closed.

“Dissemination Agent” shall mean any person or entity engaged by the Agency to provide the reports and notices required hereunder and which has been designated in writing by the Agency as the Dissemination Agent. Written notice of the engagement and designation of a Dissemination Agent shall be filed by the Agency with the Trustee. The initial Dissemination Agent shall be the Agency.

“Financial Obligation” means (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is currently 1300 I Street, NW, Suite 1000, Washington D.C. 20005; Telephone (202) 838-1500; the

current website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Agency dated April 9, 2019, relating to the Series 2019 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” shall mean KeyBanc Capital Markets Inc., as the original underwriter of the Series 2019 Bonds and required to comply with the Rule in connection with the offering of the Series 2019 Bonds.

Section 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent, not later than 210 days after the end of each fiscal year of the Agency (presently June 30) commencing with the fiscal year ending June 30, 2019, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Dissemination Agent is other than the Trustee). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report. If the Agency’s fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by ten (10) business days prior to the date specified in Section 3(a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency to determine if the Agency is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the dates required in Sections 3(a), the Dissemination Agent shall, in a timely manner, send a notice of failure to file the Annual Report to the MSRB in electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report, the website address to which the MSRB directs the annual reports to be submitted; and

(ii) send a notice to the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided, and listing the website address to which it was provided.

Section 4. Content of Annual Reports. (a) The Annual Report of the Agency shall contain or incorporate by reference the following:

(i) A copy of the Agency’s annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accounts. If the Agency’s audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report of the Agency and audited financial statements will be provided when and if available.

(ii) An update of the financial and operating information in the Official Statement relating to the Agency of the type contained in tables under the headings:

- (A) “SECURITY FOR THE SERIES 2019 BONDS–Projected Service Revenues” (but only as the same become historically available) and “Historical Electrical Fee and Sales and Use Tax Revenues of the City”;
- (B) “THE AGENCY–Financial Summaries and Budget– Statement of Revenues, Expenses and Changes in Fund Net Position;
- (C) “THE AGENCY–Financial Summaries and Budget – Statement of Net Position”; and
- (D) “THE AGENCY–Financial Summaries and Budget – Budget.

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency, as appropriate, shall clearly identify each such other document so incorporated by the reference. All of the items contained in the Annual Report shall be submitted in a pdf word-searchable format.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the Agency shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2019 Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;

(viii) Bankruptcy, insolvency, receivership or similar proceedings;

(ix) Rating changes; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the Agency shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2019 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

(i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

(ii) Appointment of a successor or additional trustee or the change of the name of a trustee;

(iii) Non-payment related defaults;

(iv) Modifications to the rights of the owners of the Series 2019 Bonds;

(v) Series 2019 Bond calls;

(vi) Release, substitution or sale of property securing repayment of the Series 2019 Bonds; or

(vii) Incurrence of a Financial Obligation of the obligated person or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the Agency obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the Agency shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Agency has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Agency shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the Agency determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the Agency shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Agency to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event.

Section 6. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Series 2019 Bonds; (ii) the date that the Agency shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written Disclosure Undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2019 Bonds.

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Agency may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2019 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Bondholders of the Series 2019 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders of the Series 2019 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the Agency shall describe such amendment in the next Annual Report of the Agency, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Agency from disseminating any other information, using the means of

dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Agency shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Agency or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder of the Series 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct.

The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Registered Owners of the Series 2019 Bonds or any other party. The Dissemination Agent shall have no responsibility for the Agency’s failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Agency has complied with this Disclosure Undertaking. The Dissemination Agent may conclusively rely upon certifications of the Agency at all times. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2019 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Agency, the Dissemination Agent, the Underwriter and the Bondholders from time to time of the Series 2019 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: April 16, 2019.

UTAH INFRASTRUCTURE AGENCY

By: _____
Chair

ATTEST:

By: _____
Secretary-Treasurer

[THIS PAGE INTENTIONALLY LEFT BLANK]



Printed by: ImageMaster, LLC
www.knagomastec.com