

**RESOLUTION NO.1831**

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$150,000,000 AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS OF THE METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY, FIXING THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF THE BONDS, THE MAXIMUM NUMBER OF YEARS OVER WHICH THE BONDS MAY MATURE, THE MAXIMUM INTEREST RATE WHICH THE BONDS MAY BEAR AND THE MAXIMUM DISCOUNT FROM PAR AT WHICH THE BONDS MAY BE SOLD; AUTHORIZING THE PUBLICATION OF A NOTICE OF BONDS TO BE ISSUED; AND RELATED MATTERS.

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WHEREAS, the Metropolitan Water District of Salt Lake & Sandy (the “*District*”) has previously issued its variable rate Water Revenue Refunding Bonds, Series 2008B-3 (the “*Refunded Bonds*”);

WHEREAS, the District has entered into interest rate swap agreements (the “*Swap Agreements*”) with Ambac Financial Services, LLC (“*AFS*”) with respect to a portion of the Refunded Bonds for the purpose of controlling or managing the cost of debt service on the Refunded Bonds;

WHEREAS, the credit ratings of AFS and Ambac Assurance Corporation (“*Ambac*”), the guarantor of AFS’s obligations under the Swap Agreements, have been downgraded to “junk” status by certain rating agencies, and it is expected that AFS and Ambac will become insolvent;

WHEREAS, obtaining liquidity for the Refunded Bonds has become increasingly difficult and costly as a result of the current financial crisis;

WHEREAS, the Board considers it desirable and necessary and for the benefit of the District to issue its fixed-rate water revenue bonds (the “*Bonds*”) for the purpose of refunding the Refunded Bonds to fixed-rate bonds in order to minimize interest-rate risk and liquidity risk and eliminate the District’s exposure under the Swap Agreements;

WHEREAS, the Board now desires to publish a Notice of Bonds to Be Issued pursuant to Section 11-27-4, Utah Code Annotated 1953, as amended;

NOW, THEREFORE, Be It Resolved by the Board of Trustees of the Metropolitan Water District of Salt Lake & Sandy, as follows:

*Section 1. Bonds to Be Issued.* The Board hereby finds and determines that it is desirable and necessary and for the benefit of the District for it to issue, for the purpose of refunding the Refunded Bonds, satisfying a debt service reserve requirement, paying a portion of

the costs of terminating the Swap Agreements, and paying costs of issuance of the Bonds, not more than \$150,000,000 aggregate principal amount of its water revenue bonds, to mature in not more than 30 years from their date or dates, to bear interest at a rate or rates not to exceed \_\_\_\_% per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 3%, all in accordance with and pursuant to the provisions of (1) a Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted April 29, 2002, as amended and supplemented (the “*Master Resolution*”), a copy of which is attached as *Annex 1*, and (2) a Supplemental Resolution supplementing the Master Resolution, to be adopted at a future date (the “*Supplemental Resolution*”), a draft of which is attached as *Annex 2*, and the Board hereby declares its intention to issue the Bonds according to the provisions of this section.

*Section 2. Authorization.* The Board hereby authorizes and approves the issuance of the Bonds to refund the Refunding Bonds, satisfy a debt service reserve requirement, pay a portion of the costs of terminating the Swap Agreements, and pay costs of issuance of the Bonds, pursuant to the provisions of this Resolution, the Master Resolution and the Supplemental Resolution; *provided* that the principal amount, interest rate or rates, maturity or maturities, and discount shall not exceed the maximums set forth in Section 1 hereof.

*Section 3. Publication of Notice of Bonds to Be Issued.* In accordance with the provisions of Section 11-27-4, Utah Code Annotated 1953, as amended, the District Clerk shall cause the following Notice of Bonds to Be Issued to be published one time in the *Deseret Morning News* and *The Salt Lake Tribune*, newspapers of general circulation in the District, and shall cause a copy of this Resolution, together with the annexes thereto, to be kept on file in his office for public examination during the regular business hours of the District Clerk for at least thirty days after the date of such publication. The Notice of Bonds to Be Issued shall be in substantially the following form:

## NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 11-4-27, Utah Code Annotated 1953, as amended, that on August 10, 2009, the Board of Trustees (the “*Board*”) of the Metropolitan Water District of Salt Lake & Sandy (the “*District*”) adopted a resolution (the “*Resolution*”) in which it authorized the issuance of the District’s water revenue bonds (the “*Bonds*”) in an aggregate principal amount of not to exceed \$150,000,000, to mature in not more than 30 years from their date or dates, to bear interest at a rate or rates not to exceed 6% per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 3%.

The Bonds are to be issued and sold by the District pursuant to (1) the Resolution, (2) a Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted April 29, 2002, as amended and supplemented (the “*Master Resolution*”), and (3) a Supplemental Resolution supplementing the Master Resolution to be adopted at a future date. The form of the Supplemental Resolution to be adopted at a future date in substantially final form, and a copy of the Master Resolution were attached to the Resolution at the time of the adoption of the Resolution. The Supplemental Resolution will be adopted by the Board at a future date prior to the issuance of the Bonds in substantially the form attached to the Resolution, with such changes thereto as shall be approved by the Board upon the adoption thereof, *provided* that the principal amount, interest rate or rates, maturity or maturities and discount will not exceed the maximums set forth above.

The Bonds are to be issued for the purpose of (a) refunding certain water revenue bonds of the District, (b) providing any necessary reserves, (c) paying a portion of the costs of terminating certain swap agreements relating to the refunded bonds, and (d) paying costs and expenses incident thereto and to the authorization and issuance of the Bonds, all as set forth in the Resolution, the Supplemental Resolution, and the Master Resolution.

A copy of the Resolution (including the Master Resolution and a draft of the Supplemental Resolution) is on file in the office of the Clerk of the District, located at 3430 East Danish Road, Sandy, Utah, where it may be examined during regular business hours of the Clerk from 8:00 a.m. to 4:00 p.m. The Resolution (including the Master Resolution and a draft of the Supplemental Resolution) shall be so available for inspection for a period of at least 30 days from and after the date of the publication of this notice.

NOTICE IS FURTHER GIVEN that, pursuant to law, for a period of 30 days from and after the date of the publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution (including the Master Resolution and the Supplemental Resolution) of the Board, or the Bonds or any provisions made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED this 10th day of August, 2009.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

By \_\_\_\_\_  
Clerk

*Section 4. Contestability.* For a period of 30 days after publication of the Notice of Bonds to Be Issued, any person in interest shall have the right to contest the legality of the resolutions pursuant to which the Bonds are to be issued, or of the Bonds thereby authorized or any provisions made for the security and payment of the Bonds. After such time, no person shall have any cause of action to contest the regularity, formality or legality of the resolutions or the Bonds for any cause whatsoever.

*Section 5. Ratification.* All proceedings, resolutions and actions of the District and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved.

*Section 6. Severability.* It is hereby declared that all parts of this Resolution are severable, and if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining provisions, paragraphs, clauses or provisions of this Resolution.

*Section 7. Conflict.* All resolutions, orders and regulations or parts thereof heretofore adopted or passed that are in conflict with any of the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

*Section 8. Captions.* The captions or headings herein are for convenience of reference only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

*Section 9. Effective Date.* This Resolution shall be in full force and effect immediately upon its adoption.

PASSED and APPROVED by the Board of Trustees of the Metropolitan Water District of Salt Lake & Sandy, this 10th day of August, 2009.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

By \_\_\_\_\_  
Chair, Board of Trustees

ATTEST AND COUNTERSIGN:

By \_\_\_\_\_  
Clerk

[SEAL]

BOARD MEMBER	VOTE
Leland J. Myers	_____
John Kirkham	_____
David L. Buhler	_____
Tom Godfrey	_____
Lee Kapaloski	_____
Kathy W. Loveless	_____
Donald Y. Milne	_____

## **ANNEX 1**

[MASTER RESOLUTION]

**ANNEX 2**

[SUPPLEMENTAL RESOLUTION]