

To: The Metropolitan Water District of Salt Lake & Sandy

From: Johnathan Ward, Vice President, Zions Bank Public Finance

Date: January 17, 2012

Subject: Advance Refunding Water Revenue Bonds and Related Matters

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The District is in the process of selling water revenue bonds for the purpose of constructing the new 48 million gallon Terminal Reservoir and refinancing some of its existing debt. As of December 2011, the timing of the construction costs has accelerated from prior estimates necessitating the issuance of up to \$15 million more than originally planned to be issued. Such issuance does not alter the construction cost of the project, but it does alter the timing and the cost of financing the project.

In order to issue an additional \$15 million to finance the Terminal Reservoir project, we need to authorize a new Notice of Bonds to be Issued and two new Notices of Public Hearing. Each of these notices was previously published in conjunction with authorization given by the Board for the first \$15 million. On September 19, 2011 the public hearing for the first \$15 million was held with no comments made by the public. During the Board retreat on February 27, 2012 the second public hearing for the additional \$15 million will be scheduled.

The public hearing is an opportunity for the public to address concerns with the bond issue and how the project competes with the private sector. The date of the new public hearing would be after we anticipated selling bonds and signing a bond purchase agreement with our underwriting team. Selling bonds and then holding a public hearing to allow the public to voice concerns will seem disingenuous. Provided we have already held one hearing and the project has been discussed with residents prior to this point, and provided there are no legal teeth affecting the issuance of bonds, it is my recommendation that we proceed based upon the following thoughts.

Interest rates have not been as low as they are today. With an incredible dearth of municipal bond supply in the market, buyers of bonds have been aggressively buying whatever they can and at interest rates well below more recent levels. Since the first part of 2011, interest rates at certain benchmark years have dropped as much as 1.5%. Because of the quick descent of interest rates and the potential savings to the District generated by locking in at these historic low levels, it is my recommendation to modify our existing Calendar of Events and sell bonds earlier than the originally planned February 16 date. The current timing of our rating reports from Standard and Poor's and Fitch Ratings and the availability of the Preliminary Official Statement or offering document will enable us to sell bonds as early as the week of January 30.

In order to facilitate greater savings to the District, we must recommend another modification to the issuance process. In prior discussions, we had contemplated the issuance of bonds in one series. All the bonds would be priced simultaneously and all the bonds would close together. We now want to split the bond issue into two parts or series—one series for the purpose of refinancing the Series 2002 bonds; the other series to cover all other needs.

The reason for the split is to minimize the potential interest rate penalty imposed by investors for a long time period between pricing and closing or delivery of funds. Under normal market conditions, the acceptable length of time between pricing and closing is two weeks. Extending the time period between pricing and close to something between 30 and 45 days has been acceptable in recent months with some closings actually extended to about 55 days without negative impact. In a transaction priced last year for Salt Lake County, we waited 60 days and incurred a nominal interest rate penalty or increase of .05%. In our current market, investors are loath to lock in interest rates at historically low levels. There is a perception, whether real or not is yet to be seen, that the extraordinarily low interest rates are a market aberration that will be rectified in short order. Investors do not want to lock in a low interest rate only to have rates rise while they are waiting to deliver their cash at closing. In our current market, the acceptable time period between pricing and close, although not clearly defined, is about 30 days. Any extension of that time period is estimated to cost up to .10% more in the interest rates charged by investors. Our current calendar illustrates a 45 day window between pricing and close.

If we modify our calendar, we can close almost all of the bonds within the 30 days acceptable to the market and not incur an interest rate penalty. Our one exception, and the reason we recommend splitting this issue into two parts, is that the Series 2002 Bonds cannot close any earlier than April 2012. They would be subject to an estimated .10% penalty, which on approximately \$11.7 million of bonds over an 11 year time period amounts to about \$79,000 of lost savings out of the approximate \$2 million we will be saving on this issue by selling now.

The Series 2002 Bonds were issued as "advance refunding bonds." The IRS allows a bond issue and its subsequent bond posterity to be "advance refunded" once. The definition of advance refunded is being prepaid with bond proceeds in advance or prior to the call date. One exception allows a second advance refunding IF the closing occurs within 90 days prior to the call date. The call date on the Series 2002 Bonds is July 1, 2012. Ninety days prior would be April 2, 2012. Accelerating the pricing to take advantage of the historically low interest rates, coupled with the requirement to delay closing to at least April 2, 2012 would increase the number of days between pricing and close to a little over 60 days, and thus incur a .10% increase in interest rates over the life of the bonds. It is our recommendation to avoid paying an additional .10% on the \$100 million or more bonds that do not need to wait to close. Based upon an analysis provided by Wells Fargo and duplicated by Zions, the interest cost due to a .10% increase in interest rates would be approximately \$1 to \$1.3 million more than without the penalty.

Splitting the issue into two series does have legal ramifications. Bond Counsel will prepare two sets of legal documents for closing; however, the increased legal fees for so doing will not exceed \$10,000, or about 1% of the savings generated by avoiding a long-dated close.

In summary, our recommendation is to accelerate the pricing of the District's refunding and new construction bonds to take advantage of the very low interest rates and split the bonds into two series, thus eliminating any penalty on the vast majority of bonds issued.

**METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY**

**SUPPLEMENTAL RESOLUTION**

**ADOPTED JANUARY 23, 2012**

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RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UP TO  
\$150 MILLION OF WATER REVENUE BONDS; AND RELATED MATTERS.

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WHEREAS, on April 29, 2002, the Board of Trustees (the “*Board*”) of the Metropolitan Water District of Salt Lake & Sandy (the “*Issuer*”), adopted a resolution entitled “Master Resolution Providing for the Issuance of Water Revenue Bonds” (as amended and supplemented, the “*Resolution*”);

WHEREAS, the Issuer has previously issued its Water Revenue Refunding Bonds, Series 2002B (the “*Series 2002B Bonds*”), Water Revenue Bonds, Series 2003A (the “*Series 2003A Bonds*”), Water Revenue Bonds, Series 2004 (the “*Series 2004 Bonds*”), Water Revenue Bonds, Series 2005A (the “*Series 2005A Bonds*”), and Water Revenue Refunding Bonds, Series 2011A (the “*Series 2011A Bonds*” and collectively with the Series 2002B Bonds, the Series 2003A Bonds, the Series 2004 Bonds, and the Series 2005A Bonds, the “*Prior Bonds*”);

WHEREAS, the Board deems it advisable and in the interests of the Issuer to provide for the issuance and delivery by the Issuer, in one or more series, of its water revenue bonds (collectively, the “*Series 2012 Bonds*”) in order to (i) refund certain maturities of the Prior Bonds, as designated by a Designated Officer in the Certificates of Determination pursuant to Section 204(b)(i) hereof (collectively, the “*Refunded Bonds*”), for the purpose of achieving debt service savings and minimizing interest-rate risk and liquidity risk, (ii) finance the costs of acquisition and construction of the Terminal Reservoir Replacement Project and related reservoirs, pipelines, pump stations, water tanks, treatment facilities, and other improvements (the “*Series 2012 Project*”), and (iii) pay costs of issuance of the Series 2012 Bonds;

NOW THEREFORE, Be It Resolved by the Board of Trustees of the Issuer, as follows:

**ARTICLE I**

**DEFINITIONS**

***Section 101. Definitions.***

(a) Certain terms are defined in the recitals hereto. Except as provided in subparagraph (b) of this Section and in the recitals, all defined terms contained in the Resolution when used in this Supplemental Resolution shall have the same meanings as set forth in the Resolution.

(b) As used in this Supplemental Resolution, unless the context shall otherwise require, the following terms shall have the following meanings:

“*Board*” means the Board of Trustees of the Issuer, or any other governing body of the Issuer hereafter provided for by law.

“*Bond Counsel*” means Chapman and Cutler LLP, or other counsel of nationally recognized standing in matters pertaining to the issuance of obligations by states and their political subdivisions and the tax-exempt status thereof, duly admitted to the practice of law before the highest court of any state of the United States.

“*Bond Payment Date*” means each date on which (a) interest on the Series 2012 Bonds is due and payable or (b) Principal of the Series 2012 Bonds is payable at maturity.

“*Cede*” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2012 Bonds.

“*Certificates of Determination*” means the Certificates of Determination, a form of which is attached hereto as *Annex 4*, executed by a Designated Officer and delivered pursuant to Section 204(b) of this Resolution, setting forth certain terms and provisions of the Series 2012 Bonds and designating certain Prior Bonds as Refunded Bonds.

“*Chair*” means the Chair of the Board, including any official authorized to carry out the duties of the Chair in the actual Chair’s absence (including without limitation any acting Chair or temporary Chair).

“*Clerk*” means the Clerk of the Issuer, including any official authorized to carry out the duties of the Clerk in the actual Clerk’s absence (including without limitation any acting Clerk or Assistant Clerk).

“*Closing Date*” means the date of initial execution and delivery of the Series 2012 Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking, in substantially the form attached hereto as *Annex 3*.

“*Cost of Issuance Fund*” means the fund by that name established in Section 304 hereof.

“*Designated Officer*” means (i) the Chair or (ii) if the Chair is not available to execute the Certificates of Determination as provided in Section 204(b), the General Manager.

“*DTC*” means The Depository Trust Company, New York, New York, and its successors and assigns.

“*Escrow Agreements*” means the Escrow Agreements between the Issuer and Zions First National Bank, as escrow agent, relating to the refunding of the Refunded Bonds.

*“Escrow Accounts”* means the Escrow Accounts established under the Escrow Agreements.

*“Issue Date”* means the date of original issuance and delivery of the Series 2012 Bonds.

*“Participants”* means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2012 Bonds as securities depository.

*“Person”* means natural persons, firms, partnerships, associations, corporations, trusts, public bodies and other entities.

*“Purchase Contract”* means the Bond Purchase Contract dated \_\_\_\_\_, 2012, between the Issuer and the Underwriters, pursuant to which the Series 2012 Bonds are to be sold by the Issuer.

*“Record Date”* means, with respect to any interest payment date for the Series 2012 Bonds, the fifteenth day of the calendar month preceding such interest payment date or, if such day is not a Business Day, the immediately succeeding Business Day.

*“Resolution”* means the Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted April 29, 2002, as from time to time amended or supplemented by supplemental resolutions, including this Supplemental Resolution.

*“Series 2012 Bondholder”* means any Person who is the registered owner of any Series 2012 Bond.

*“Series 2012 Bonds”* means the water revenue bonds of the Issuer authorized by this Supplemental Resolution.

*“Series 2012 Debt Service Subaccounts”* means, collectively, the subaccounts established in the Debt Service Account in the Bond Fund pursuant to Section 5.02 of the Resolution and Section 302 hereof with respect to the Series 2012 Bonds.

*“Series 2012 Project”* is defined in the recitals.

*“Series 2012 Project Subaccount”* means the subaccount established in the Construction Fund pursuant to Section 5.03 of the Resolution and Section 301 hereof with respect to any Series of the Series 2012 Bonds.

*“Supplemental Resolution”* means this Supplemental Resolution of the Issuer adopted on January 23, 2012.

*“Tax Exemption Certificate”* means any agreement or certificate of the Issuer executed in order to assure the exclusion from federal income taxes of interest received on the Series 2012 Bonds by the holders thereof.

“Trustee” means Zions First National Bank, and its successors and permitted assigns under the Resolution.

“Underwriters” means Wells Fargo Securities and Citigroup Global Markets Inc.

“Utah Code” means the Utah Code Annotated 1953, as amended.

The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder”, and any similar terms as used in this Supplemental Resolution, refer to this Supplemental Resolution.

**Section 102. Authority for Supplemental Resolution.** This Supplemental Resolution is adopted pursuant to the provisions of the Act and the Resolution.

## ARTICLE II

### AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2012 BONDS

**Section 201. Authorization of Series 2012 Bonds, Principal Amount, Designation and Series.** One or more Series of water revenue bonds are hereby authorized to be issued in the aggregate principal amount of \$150,000,000 or such lesser amount as provided in the Certificates of Determination pursuant to Section 204(b).

**Section 202. Finding and Purpose.** The Issuer hereby finds, determines and declares that it is necessary and desirable for the benefit of the Issuer and the water users of the Issuer to refund the Refunded Bonds as permitted in the Act for the purpose of achieving debt service savings and minimizing interest-rate risk and liquidity risk. The Series 2012 Bonds are being issued for the purpose of refunding the Refunded Bonds, financing a portion of the costs of acquiring and constructing the Series 2012 Project, and paying expenses properly incident to the issuance of the Series 2012 Bonds.

**Section 203. Issue Date.** The Series 2012 Bonds shall be dated the Issue Date, which is the date of original issuance and delivery.

**Section 204. Bond Details; Delegation of Authority.** (a) Each Series of the Series 2012 Bonds shall bear the names and Series designations, shall mature on the dates and in the principal amounts, and shall bear interest (calculated on the basis of a year of 360 days and twelve 30-day months) from the Issue Date, payable semiannually on January 1 and July 1 of each year, all as provided in the Certificates of Determination.

(b) There is hereby delegated to the Designated Officer, subject to the limitations contained in this Section, the power to determine and effectuate the following with respect to the Series 2012 Bonds, and the Designated Officer is hereby authorized to make such determinations and effectuations:

(i) the maturities of the Prior Bonds to be refunded by each Series of the Series 2012 Bonds;

(ii) the principal amount of the Series 2012 Bonds (after giving effect to any premium or discount on the Series 2012 Bonds) necessary to accomplish the purposes of the Series 2012 Bonds set forth in Section 202 herein and the aggregate principal amount of the Series 2012 Bonds to be executed and delivered pursuant to Section 209 herein; *provided* that the aggregate principal amount of the Series 2012 Bonds shall not exceed \$150,000,000;

(iii) the maturity date or dates and principal amount of each maturity of the Series 2012 Bonds to be issued; *provided, however*, that the final maturity of all Series 2012 Bonds shall not be later than July 1, [2037];

(iii) the interest rate or rates of the Series 2012 Bonds, *provided, however*, that the interest rate or rates to be borne by any Series 2012 Bond shall not exceed 6.0% per annum;

(iv) the sale of the Series 2012 Bonds to the Underwriters pursuant to the Purchase Contract and the purchase price to be paid by the Underwriters for the Series 2012 Bonds; *provided, however*, that the total discount from par of all of the Series 2012 Bonds shall not exceed 2.0% (expressed as a percentage of the principal amount);

(v) the Series 2012 Bonds, if any, to be retired from mandatory sinking fund redemption payments and the dates and the amounts of such payments;

(vi) the optional redemption date of the Series 2012 Bonds, if any; and

(vii) any other provisions deemed advisable by the Designated Officer not materially in conflict with the provisions of this Supplemental Resolution.

Immediately following the preliminary pricing of the Series 2012 Bonds by the Underwriters, the Designated Officer shall obtain such information as he or she deems necessary to make such determinations as provided above and consult with the Issuer's financial advisor and such other officers of the Issuer as the Designated Officer shall deem appropriate. Thereupon, the Designated Officer shall make such determinations as provided above and shall execute the Certificates of Determination containing such terms and provisions of the Series 2012 Bonds, which execution shall be conclusive evidence of the action or determination of the Designated Officer as to the matters stated therein. The provisions of the Certificates of Determination shall be deemed to be incorporated in Article II hereof.

(c) Each Series 2012 Bond shall bear interest from its date. The Bond Registrar shall insert the date of registration and authentication of each Series 2012 Bond in the place provided for such purpose in the form of Bond Registrar's certificate of authentication on each Bond. The Series 2012 Bonds shall bear interest on overdue principal at the respective rates established for the Bonds in the Certificates of Determination.

**Section 205. Registered Form, Denominations and Numbers.** The Series 2012 Bonds shall be issued only as fully-registered Bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Series 2012 Bonds shall be numbered from one (1) consecutively upwards in order of authentication and delivery by the Trustee, with the prefix “R” preceding each number.

**Section 206. Paying Agent and Transfer Agent.** Zions First National Bank, is hereby appointed the Paying Agent and Transfer Agent for the Series 2012 Bonds, subject to Zions First National Bank executing and delivering an acceptance to the Issuer and the Trustee as contemplated in Section 7.02 of the Resolution. Principal of the Series 2012 Bonds shall be payable at the principal corporate trust office of the Paying Agent or of any successor as Paying Agent in any coin or currency which on the date of payment is legal tender for the payment of debts due the United States of America. Payment of interest on any Series 2012 Bonds shall be (i) made to the registered owner thereof and shall be paid by check or draft mailed to the registered owner thereof as of the close of business on the Record Date at his address as it appears on the registration books of the Issuer maintained by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner or (ii) with respect to units of \$500,000 or more of Series 2012 Bonds, by wire transfer or other transfer of immediately available funds acceptable to the Trustee, subject to the provisions of Section 3.01 of the Resolution.

**Section 207. Redemption.** (a) The Series 2012 Bonds shall be subject to redemption on the dates specified in the Certificates of Determination, at a Redemption Price equal to 100% of the principal amount of each Series 2012 Bond or portion thereof to be so redeemed, plus accrued interest to the redemption date.

(b) Upon redemption of part (but not all) of the Series 2012 Bonds, while a book-entry system is in effect for the Bonds and the Bonds are held by the Trustee as the agent of DTC, the Trustee shall promptly provide to the Issuer written evidence of the receipt of payment of the redemption price. Unless otherwise directed in writing by an Authorized Officer of the Issuer, the Trustee, as agent of DTC, shall not be required to physically present or surrender such Series 2012 Bonds in connection with such redemption, and the holding of the Series 2012 Bonds by the Trustee in its capacity as DTC’s agent, together with the notation of such redemption upon the books of the Trustee, shall be deemed the presentment and surrender of the Series 2012 Bonds to the Trustee for all purposes of the Resolution, and the portion of the Series 2012 Bonds so redeemed shall no longer be Outstanding under the Resolution.

(c) In the event of a partial redemption of a Series 2012 Bond that is subject to mandatory sinking fund redemption, payment of the redemption price shall be credited to such sinking fund installments as the Issuer shall determine.

**Section 208. Sale of Series 2012 Bonds.** (a) The Series 2012 Bonds authorized to be issued herein are hereby sold to the Underwriters at the prices set forth in the Certificates of Determination, payable to the Issuer by the Underwriters pursuant to the Purchase Contract, on the terms and conditions set forth in the Purchase Contract and upon the basis of the representations therein set forth. To evidence the acceptance of the Purchase Contract, the Chair

is hereby authorized to execute and deliver, and the Clerk to affix the Issuer's seal and attest, the Purchase Contract in substantially the form attached hereto as *Annex 1*. The Chair and Clerk of the Board are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as may be necessary or advisable to comply with the Purchase Contract and to carry the same into effect. The Board hereby ratifies, confirms, and approves all actions heretofore taken on behalf of the Issuer by the Chair of the Board, the Clerk and other officials of the Issuer in connection with the sale of the Series 2012 Bonds.

(b) The use of the Preliminary Official Statement and the final Official Statement of the Issuer for the sale of the Series 2012 Bonds, in substantially the form attached hereto as *Annex 2*, with such changes, omissions, insertions and revisions as the Chair shall approve, is hereby authorized and approved, and the Chair shall sign and deliver such final Official Statement to the Underwriters for distribution to prospective purchasers of the Series 2012 Bonds and other interested persons, which signature shall evidence such approval.

(c) The Chair is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking (the "*Continuing Disclosure Undertaking*") in substantially the same form as now before the Issuer and attached hereto as *Annex 3*, or with such changes therein as the Chair shall approve, his execution thereof to constitute conclusive evidence of his approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the Issuer as herein provided, the Continuing Disclosure Undertaking will be binding on the Issuer and the officers, employees and agents of the Issuer, and the officers, employees and agents of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed.

***Section 209. Execution of Series 2012 Bonds.*** The Series 2012 Bonds shall be executed on behalf of the Issuer by the Chair, and attested by the Clerk, and the seal of the Issuer shall be placed on each of the Series 2012 Bonds.

***Section 210. Delivery of Series 2012 Bonds.*** The Series 2012 Bonds shall be delivered to the Underwriters upon compliance with the provisions of Sections 2.02, 2.03, 2.04 and 3.02 of the Resolution, at such time and place as provided in, and subject to, the provisions of the Purchase Contract.

***Section 211. Further Authority.*** (a) The Chair, the General Manager, and the Clerk are hereby authorized to execute the Escrow Agreement and all such certificates, documents and other instruments as may be necessary or advisable to provide for the issuance, sale, registration and delivery of the Series 2012 Bonds, to fulfill the obligations of the Issuer hereunder and thereunder, to provide for the refunding of the Refunded Bonds, and to provide for the investment of all funds and accounts relating to the Series 2012 Bonds.

(b) If the Chair, the General Manager or the Clerk, as applicable, shall be unavailable to execute the Series 2012 Bonds or the other documents that they are hereby authorized to execute (other than the Certificates of Determination, which shall be executed by a

Designated Officer or other officer or Board member designated by the Board), the same may be executed by the Vice Chair or any other member of the Board.

(c) The Refunded Bonds shall be called for redemption at a price of 100%, plus accrued interest to the redemption date, on the respective redemption dates designated in the Certificates of Determination. Notice of redemption shall be given as provided in the Escrow Agreement. The amount to be deposited into the Escrow Account shall simultaneously with the delivery of the Series 2012 Bonds be invested or reinvested as contemplated in the Act (except for any amount to be retained as cash), and the obligations in which such moneys are so invested and any remaining cash shall be deposited in trust in the Escrow Account with Zions First National Bank, as escrow agent, in accordance with the provisions of the Escrow Agreement. The governmental obligations in which such moneys are so invested shall comply in all respects with the provisions of Section 11-27-3, Utah Code Annotated 1953, as amended.

**Section 212. Book-Entry System; Limited Obligation of Issuer.** The Series 2012 Bonds shall be initially issued in the form of a separate, single, certificated, fully-registered Series 2012 Bond for each of the maturities of the Series 2012 Bonds. Upon initial issuance, the ownership of each such Series 2012 Bond shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. Except as provided in Section 214 hereof, all of the outstanding Series 2012 Bonds shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC.

With respect to Series 2012 Bonds registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, the Issuer, the Trustee and the Paying Agent shall have no responsibility or obligation to any Participant or to any Person on behalf of which a Participant holds an interest in the Series 2012 Bonds. Without limiting the immediately preceding sentence, the Issuer, the Trustee and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Series 2012 Bonds, (ii) the delivery to any Participant or any other Person, other than a Series 2012 Bondholder, as shown in the registration books kept by the Trustee, of any notice with respect to the Series 2012 Bonds, including, without limitation, any notice of redemption, or (iii) the payment to any Participant or any other Person, other than a Series 2012 Bondholder, as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Series 2012 Bonds. The Issuer, the Trustee and the Paying Agent may treat and consider the Person in whose name each Series 2012 Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Series 2012 Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Series 2012 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2012 Bond, for the purpose of registering transfers with respect to such Series 2012 Bond and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2012 Bonds only to or upon the order of the respective Series 2012 Bondholders, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in Section 206 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2012 Bonds to the extent of the sum or sums so paid.

No Person other than a Series 2012 Bondholder, as shown in the registration books kept by the Trustee, shall receive a certificated Series 2012 Bond evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Series Supplemental Resolution. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the word “Cede” in this Series Supplemental Resolution shall refer to such new nominee of DTC. Upon receipt of such a notice, the Issuer shall promptly deliver a copy of the same to the Trustee and the Paying Agent.

**Section 213. Letter of Representations.** The Issuer has executed a Blanket Letter of Representations to DTC. The Issuer’s execution and delivery of the Letter of Representations shall not in any way limit the provisions of Section 212 hereof or in any other way impose upon the Issuer any obligation whatsoever with respect to Persons having interests in the Series 2012 Bonds other than the Series 2012 Bondholders, as shown on the registration books kept by the Trustee. In the written acceptance of each Paying Agent and Trustee, such Paying Agent and Trustee, respectively, shall agree to take all action necessary for all representations of the Issuer in the Letter of Representations with respect to the Paying Agent and Trustee, respectively, to at all times be complied with.

**Section 214. Transfers Outside Book-Entry System.** At the option of the Issuer or upon receipt by the Issuer of written notice from DTC to the effect that DTC has received written notice from Participants having interests, as shown in the records of DTC, in at least fifty percent (50%) of the aggregate principal amount of the then outstanding Series 2012 Bonds to the effect that:

(a) DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found that is willing and able to undertake such functions upon reasonable and customary terms, or

(b) a continuation of the requirement that all of the outstanding Series 2012 Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2012 Bonds,

the Series 2012 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, but may be registered in whatever name or names Bondowners transferring or exchanging Series 2012 Bonds shall designate, in accordance with the provisions of Article III of the Resolution.

**Section 215. Payments to Cede.** Notwithstanding any other provision of this Supplemental Resolution to the contrary, so long as any Series 2012 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and premium, if any, and interest on such Series 2012 Bond and all notices with respect to such Series 2012 Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

### ARTICLE III

#### ESTABLISHMENT OF FUNDS AND APPLICATION OF SERIES 2012 BOND PROCEEDS

**Section 301. Establishment of Series 2012 Project Subaccount.** There is hereby established a Project Account in the Construction Fund designated as the “*Series 2012 Project Subaccount*” into which there shall be deposited a portion of the proceeds of the Series 2012 Bonds as provided in Section 305. Such moneys shall be used for the purposes and as authorized by Section 5.03 of the Resolution.

**Section 302. Establishment of Series 2012 Debt Service Subaccounts.** Pursuant to the provisions of Section 5.02 of the Resolution, there is hereby established, in the Debt Service Account in the Bond Fund, a separate subaccount for each Series of the Series 2012 Bonds.

**Section 303. No Debt Service Reserve Requirement.** There is no Debt Service Requirement with respect to the Series 2012 Bonds.

**Section 304. Establishment of the Costs of Issuance Funds.** There is hereby established a separate fund for each Series of the Series 2012 Bonds. Amounts in the Costs of Issuance Fund will be used to pay costs of issuance of the applicable Series 2012 Bonds.

**Section 305. Application of Proceeds of Series 2012 Bonds.** The proceeds of the Series 2012 Bonds shall be paid to the Trustee for deposit substantially as follows, as more particularly set forth in the Certificates of Determination:

(i) into the Series 2012 Project Subaccount, such amount as one or more of the Designated Officers shall determine to be necessary, together with any other available moneys of the Issuer, to provide for the payment of the costs of the Series 2012 Project;

(ii) into the Costs of Issuance Funds, such amount as one or more of the Designated Officers shall determine to be necessary to provide, along with any other available moneys of the Issuer, for the payment of the costs of issuance of the applicable Series 2012 Bonds (such costs to be paid by the Paying Agent upon receipt of applicable invoices and a written request of the Issuer to pay such costs); and

(iii) into the Escrow Accounts, such amounts as one or more of the Designated Officers shall determine to be necessary, together with any other available moneys of the Issuer, to provide for the refunding of the Refunded Bonds to be refunded by the applicable Series 2012 Bonds.

## ARTICLE IV

### FORM OF SERIES 2012 BONDS

**Section 401. Form of Series 2012 Bonds.** Subject to the provisions of the Resolution, the Series 2012 Bonds shall be in substantially the following form, with such insertions or variations as to any redemption or amortization provisions and such other insertions or omissions, endorsements and variations as may be required or permitted by the Resolution:

[FORM OF SERIES 2012 BONDS]

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED

REGISTERED

Number R-\_\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF UTAH

METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY  
WATER REVENUE [PROJECT AND] REFUNDING BONDS,  
SERIES 2012\_\_

INTEREST RATE	MATURITY DATE	ISSUE DATE	CUSIP
____%	July 1, ____	____, 2012	_____

Registered Owner:

Principal Amount: ----- DOLLARS -----

KNOW ALL MEN BY THESE PRESENTS that the Metropolitan Water District of Salt Lake & Sandy (the "Issuer"), a duly organized and existing metropolitan water district of the State of Utah, acknowledges itself indebted and for value received hereby promises to pay, but solely in the manner and from the revenues and sources hereinafter provided, to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender hereof, the principal amount identified above, and to pay to the registered owner hereof interest on the balance of said principal amount from time to time remaining unpaid from the interest payment date next preceding the date of registration and authentication of this Bond, unless this Bond is registered and authenticated as of an interest payment date, in which event this Bond shall bear interest from such interest payment date, or unless this Bond is registered and authenticated prior to the first interest payment date, in which event this Bond shall bear interest from its issue date (the "Issue Date"), or unless, as shown by the records of Zions First

National Bank, Salt Lake City, Utah, as trustee (the “*Trustee*”), interest on the hereinafter referred to Bonds shall be in default, in which event this Bond shall bear interest from the date to which interest has been paid in full, or unless no interest has been paid on this Bond, in which event it shall bear interest from its Issue Date, at the interest rate per annum specified above (calculated on the basis of a year of 360 days and twelve 30 day months), payable on January 1 and July 1 of each year, commencing July 1, 2012, and on the maturity date specified above, until payment in full of such principal, and to pay interest on overdue principal of this Bond at the interest rate borne by this Bond. Principal of this Bond shall be payable at the principal corporate trust office of Zions First National Bank, Salt Lake City, Utah, a paying agent of the Issuer, or its successor as such paying agent, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts; and payment of the interest hereon shall be made on each interest payment date (i) made to the registered owner hereof and shall be paid by check or draft mailed to the person who is the registered owner of record as of the close of business on the fifteenth day of the calendar month preceding each interest payment date or, if such day shall not be a business day, the business day immediately succeeding such date (the “*Record Date*”) at the address of such registered owner as it appears on the registration books of the Issuer maintained by the Trustee, or at such other address as is furnished in writing by such registered owner to the Trustee as provided in the Resolution (defined below) or (ii) with respect to units of \$500,000 or more of Bonds, by wire, subject to the provisions of the Resolution.

This Bond is a special obligation of the Issuer and is one of the water revenue bonds of the Issuer (the “*Bonds*”) and is issued under the provisions of Title 17B, Limited Purpose Entities – Local Districts, in particular Chapter 2a, Part 6, Utah Code Annotated 1953, as amended, the Utah Refunding Bonding Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and the Local Government Bonding Act, Chapter 14 of Title 11, Utah Code Annotated 1953, as amended (collectively the “*Act*”), for the purpose of refunding certain outstanding bonds of the Issuer, [financing the acquisition and construction of certain improvements to the Issuer’s water system,] and paying the costs of issuance of the Series 2012 Bonds.

The Bonds are issued under the terms of the Master Resolution Providing for the Issuance of Water Revenue Bonds of the Issuer adopted on April 29, 2002, as previously supplemented and amended, and as further supplemented and amended by a Supplemental Resolution, adopted January 23, 2012, authorizing the issuance of this Series of Bonds (collectively, the “*Resolution*”).

The Issuer is obligated to pay principal of and interest on this Bond solely from the revenues (the “*Revenues*”) of the System and other funds of the Issuer pledged therefor under the terms of the Resolution. This Bond is not a debt of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness. Pursuant to the Resolution, sufficient Revenues have been pledged and will be set aside into special funds by the Issuer to provide for the prompt payment of the principal of and interest on this Bond and all Bonds of the Series of which it is a part.

As provided in the Resolution, Bonds may be issued from time to time in one or more Series in various principal amounts, may mature at different times, may bear interest at different

rates, and may otherwise vary as provided in the Resolution, and the aggregate principal amount of Bonds which may be issued is not limited. All Bonds issued and to be issued under the Resolution and certain contracts entered into or to be entered into by the Issuer under the Resolution are and will be equally and ratably secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in or pursuant to the Resolution.

This Bond is one of a total authorized issue of Bonds of \$\_\_\_\_\_ in aggregate principal amount designated as “Water Revenue [Project and] Refunding Bonds, Series 2012\_\_” (the “*Series 2012 Bonds*”), duly issued under and by virtue of the Act and under and pursuant to the Resolution. Copies of the Resolution are on file at the office of the Clerk of the Issuer in Cottonwood Heights, Utah and at the principal corporate trust office of Zions First National Bank, in Salt Lake City, Utah, as trustee under the Resolution (said trustee and any successors thereto under the Resolution being herein called the “*Trustee*”), and reference to the Resolution and to the Act is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants, the terms and conditions upon which the Bonds are issued and additional Bonds and other obligations payable from the Revenues may be issued thereunder on a parity with the Series 2012 Bonds, and a statement of the rights, duties, immunities and obligations of the Issuer and of the Trustee. Such pledge and other obligations of the Issuer under the Resolution may be discharged at or prior to the maturity of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Resolution.

To the extent and in the respects permitted by the Resolution, the Resolution may be modified or amended by action on behalf of the Issuer taken in the manner and subject to the conditions and exceptions prescribed therein.

This Bond is transferable, as provided in the Resolution, only upon the books of the Issuer kept for that purpose at the principal corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer in a form approved by the Trustee, duly executed by the registered owner or his duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee a new registered Series 2012 Bond or Bonds of the same aggregate principal amount, series designation and maturity as the surrendered Series 2012 Bond, all as provided in the Resolution and upon the payment of the charges therein prescribed. The Issuer, the Trustee, and any paying agent may treat and consider the person in whose name this Series 2012 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and interest due hereon and for all other purposes whatsoever.

The Series 2012 Bonds are issuable in the form of fully registered Bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof.

The Series 2012 Bonds maturing on or after \_\_\_\_\_ are subject to redemption at any time on or after \_\_\_\_\_, in whole or in part, at the election of the Issuer from such maturities as shall be determined by the Issuer in its discretion and within each maturity as selected by the Trustee, upon notice as provided in Section 4.03 of the Resolution, and at a Redemption Price

equal to 100% of the Principal amount of each Series 2012 Bond or portion thereof to be so redeemed, plus accrued interest to the redemption date.

The Series 2012 Bonds maturing July 1, \_\_\_\_ shall be subject to redemption in part by operation of sinking fund installments, upon notice as provided in the Bond Resolution, at a redemption price equal to 100% of the principal amount of each Series 2012 Bond or portion thereof to be redeemed, together with accrued interest to the date of redemption. The amounts and due dates of the sinking fund installments for the Series 2012 Bonds maturing on July 1, \_\_\_\_ are set forth in the following table:

JULY 1 OF THE YEAR	AMOUNT
	\$

\*

---

\* Stated maturity.

If less than all of the Series 2012 Bonds maturing on any single date are to be redeemed, the particular Series 2012 Bonds to be redeemed shall be selected as provided in the Resolution; *provided, however*, that the portion of any Series 2012 Bonds to be redeemed shall be in a principal amount equal to a denomination in which Series 2012 Bonds are authorized to be issued, and that in selecting Series 2012 Bonds for redemption, the Trustee shall treat each Series 2012 Bond as representing that number of Series 2012 Bonds which is obtained by dividing the principal amount of such Series 2012 Bond by \$5,000.

Notice of redemption shall be given by the Trustee by registered or certified mail, not less than 30 nor more than 45 days prior to the redemption date, to the registered owner of this Bond, at his address as it appears on the bond registration books of the Trustee, or at such address as he may have filed with the Trustee for that purpose. Each notice of redemption shall state the redemption date, the place of redemption, the source of the funds to be used for such redemption (if known by the Trustee), the principal amount and, if less than all of the Series 2012 Bonds of like maturity are to be redeemed, the distinctive numbers of the Series 2012 Bonds to be redeemed, and shall also state that the interest on the Series 2012 Bonds or portions thereof in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Series 2012 Bonds the redemption price thereof and interest accrued thereon to the redemption date. With respect to any notice of optional redemption of the Series 2012 Bonds, unless upon the giving of such notice such Series 2012 Bonds shall be deemed to have been paid within the meaning of the Resolution, such notice may state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of money sufficient to pay the Redemption Price of and interest on the Series 2012 Bonds to be redeemed, and that if such money 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 Series 2012 Bonds.

If notice of redemption shall have been given as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable.

Except as otherwise provided herein and unless the context clearly indicates otherwise, words and phrases used herein shall have the same meanings as such words and phrases in the Resolution.

This Bond and the issue of Series 2012 Bonds of which it is a part are issued in conformity with and after full compliance with the Constitution of the State of Utah and pursuant to the provisions of the Act and all other laws applicable thereto.

THE ISSUER IS OBLIGATED TO PAY PRINCIPAL OF AND INTEREST ON THIS BOND SOLELY FROM THE REVENUES (THE "*REVENUES*") OF THE SYSTEM OF THE ISSUER AND OTHER FUNDS OF THE ISSUER PLEDGED THEREFOR UNDER THE TERMS OF THE RESOLUTION. THIS BOND IS NOT A DEBT OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OF INDEBTEDNESS. PURSUANT TO THE RESOLUTION, SUFFICIENT REVENUES HAVE BEEN PLEDGED AND WILL BE SET ASIDE INTO SPECIAL FUNDS BY THE ISSUER TO PROVIDE FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND AND ALL BONDS OF THE SERIES WHICH IT IS A PART.

It is hereby certified and recited that all conditions, acts and things required by the constitution or statutes of the State of Utah or by the Act or the Resolution to exist, to have happened or to have been performed precedent to or in the issuance of this Series 2012 Bond exist, have happened and have been performed and that the issue of the Series 2012 Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said constitution and statutes.

This Bond shall not be valid until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Metropolitan Water District of Salt Lake & Sandy has caused this Bond to be signed in its name and on its behalf by the Chair and its seal to be impressed hereon and attested by the Clerk, all as of the Issue Date specified above.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

By \_\_\_\_\_  
Chair

ATTEST:

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

[SEAL]

**[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]**

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Water Revenue [Project and] Refunding Bonds, Series 2012 of the Metropolitan Water District of Salt Lake & Sandy.

ZIONS FIRST NATIONAL BANK,  
as Trustee

By \_\_\_\_\_  
Authorized Signature

Date of registration and authentication: \_\_\_\_\_.

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRANS MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfer to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

[Empty rectangular box for Social Security or identifying number]

\_\_\_\_\_  
(Please Print or Typewrite Name and Address of Assignee)

the within Bond of the METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY, and does hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Trustee, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

## ARTICLE V

### TAX COVENANTS; AMENDMENT OF RESOLUTION; MISCELLANEOUS

**Section 501. Tax Covenants.** (a) In order to establish and preserve the tax-exempt status of the Series 2012 Bonds, the Chair and Clerk and other appropriate officials of the Issuer are hereby authorized and directed to execute such Tax Exemption Certificates as shall be necessary to establish that (i) the Series 2012 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, (ii) the Series 2012 Bonds are not and will not become “private activity bonds” within the meaning of Section 141 of the Code, (iii) all applicable requirements of Section 149 of the Code are and will be met, (iv) the covenants of the Issuer contained in this Section will be complied with and (v) interest on the Series 2012 Bonds is not and will not become includible in gross income of the Owners thereof for federal income tax purposes under the Code and applicable regulations promulgated or proposed thereunder.

(b) The Issuer covenants and certifies to and for the benefit of the Owners from time to time of the Series 2012 Bonds that:

(i) the Issuer will at all times comply with the provisions of the Tax Exemption Certificate;

(ii) the Issuer will at all times comply with the rebate requirements contained in Section 148(f) of the Code, including, without limitation, the entering into any necessary rebate calculation agreement to provide for the calculations of amounts required to be rebated to the United States, the keeping of records necessary to enable such calculations to be made and the timely payment to the United States of all amounts, including any applicable penalties and interest, required to be rebated;

(iii) no use will be made of the proceeds of the Series 2012 Bonds or any funds or accounts of the Issuer that may be deemed to be proceeds of the Series 2012 Bonds pursuant to Section 148 of the Code and applicable regulations, which use, if it had been reasonably expected on the date of issuance of the Series 2012 Bonds, would have caused the Series 2012 Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code;

(iv) the Issuer will not sell or dispose of water in such manner that such sale, disposition or use would cause the Series 2012 Bonds to be “private activity bonds” described in Section 141 of the Code;

(v) no tax-exempt bonds or other evidences of indebtedness of the Issuer have been or will be sold within a period beginning 15 days prior to the sale of the Series 2012 Bonds and ending 15 days following the delivery of the Series 2012 Bonds;

(vi) the Issuer will not take any action that would cause interest on the Series 2012 Bonds to be or to become ineligible for the exclusion from gross income of the

Owners of the Series 2012 Bonds as provided in Section 103 of the Code, nor will the Issuer omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series 2012 Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series 2012 Bonds as provided in Section 103 of the Code; and

(vii) the Issuer acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the Issuer is treated as the “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination.

(c) Pursuant to these covenants, the Issuer obligates itself to comply throughout the term of the issue of the Series 2012 Bonds with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder as they pertain to the Series 2012 Bonds or the Series 2012 Bonds.

**Section 502. Notice of Bonds to Be Issued.** (a) The Issuer previously adopted parameters resolutions on November 15, 2010 and August 15, 2011, with respect to the portion of the Series 2012 Bonds to be issued to, among other things, finance a portion of the costs of the Series 2012 Project and refund a portion of the Series 2002B Bonds, Series 2003A Bonds, Series 2004 Bonds, and Series 2005A Bonds. The Refunded Bonds may also include a portion of the Series 2011A Bonds and, and a portion of the Series 2012 Bonds will be issued to finance additional costs of the Series 2012 Project not contemplated in such prior resolutions. In accordance with the provisions of Sections 11-14-316 and 11-27-4, Utah Code Annotated 1953, as amended, the Clerk shall cause the following notice to be published one time in the *Deseret News* and *The Salt Lake Tribune*, newspapers of general circulation in the Issuer, and shall cause a copy of this Supplemental Resolution to be kept on file in the office of the Clerk for public examination during the regular business hours of the Clerk for at least 30 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 Sections 11-14-316 and 11-4-27, Utah Code Annotated 1953, as amended (the “Act”), that on January 23, 2012, the Board of Trustees (the “Board”) of the Metropolitan Water District of Salt Lake & Sandy (the “Issuer”) adopted a Supplemental Resolution (the “Supplemental Resolution”) in which it authorized, among other things, the issuance of the Issuer’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 6.0% per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed 2%.

The Bonds are to be issued and sold by the Issuer pursuant to a Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted April 29, 2002, as previously

amended and supplemented (the “*Master Resolution*”), and the Supplemental Resolution (collectively, the “*Resolution*”).

The Bonds are to be issued for the purpose of refunding certain of the Issuer’s outstanding water revenue bonds, financing certain improvements to the Issuer’s water system, and paying costs of issuance of the Bonds, all as set forth in the Supplemental Resolution and the Master Resolution.

The Bonds shall be payable from and secured by the revenues of the Issuer’s water system and certain other funds, as more particularly described in the Resolution.

Copies of the Supplemental Resolution and the Master Resolution are on file in the office of the Clerk of the Issuer, located at 3430 East Danish Road, Cottonwood Heights, Utah, where they may be examined during regular business hours of the Clerk from 8:00 a.m. to 4:00 p.m., Monday through Thursday. The 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 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 23rd day of January, 2012.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

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

(b) 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 Resolution or the Series 2012 Bonds thereby authorized or any provisions made for the security and payment of the Series 2012 Bonds. After such time, no person shall have any cause of action to contest the regularity, formality or legality of the Resolution or the Series 2012 Bonds for any cause whatsoever.

**Section 503. Public Hearing.** (a) In satisfaction of the requirements of Section 11-14-318, Utah Code Annotated, as amended, a public hearing shall be held by the Board at its regular meeting that begins at 4:30 p.m. on \_\_\_\_\_, 2012, at the regular meeting place of the Board, located at 3430 East Danish Road, Cottonwood Heights, Utah, with respect to (i) the issuance by the District of the Bonds for the purpose of financing certain costs of the Series 2012 Project and (ii) the potential economic impact of the Series 2012 Project.

*Section 6. Publication of Notice of Public Hearing.* The District Clerk shall cause the Notice of Public Hearing, in substantially the following form, to be published once each week for two consecutive weeks in the *Deseret News* and *The Salt Lake Tribune*, newspapers of general circulation in the District, with the first publication being at least 14 days prior to the date set for the public hearing:

**NOTICE OF PUBLIC HEARING  
METROPOLITAN WATER DISTRICT OF SALT LAKE & SANDY**

PUBLIC NOTICE IS HEREBY GIVEN pursuant to Section 11-14-318, Utah Code Annotated 1953, as amended, that, on January 23, 2012, the Board of Trustees (the “*Board*”) of the Metropolitan Water District of Salt Lake & Sandy (the “*District*”) adopted a resolution providing for the issuance of up to \$150,000,000 of water revenue bonds (the “*Bonds*”) of the District and calling a public hearing to receive input from the public with respect to the issuance of the Bonds and the potential economic impact that the improvements, facilities, or properties to be financed in whole or in part by a portion of the Bonds will have on the private sector.

The District intends to issue the Bonds for the purpose of financing the costs of acquisition and construction of the Terminal Reservoir Replacement Project and related reservoirs, pipelines, pump stations, water tanks, treatment facilities, and other improvements (the “*Project*”), refunding certain outstanding bonds of the District, and paying costs of issuing the Bonds. The District intends to issue the Bonds in an amount not to exceed \$150,000,000, including up to \$\_\_\_\_\_ of which will be issued to finance costs of construction of the Project.

The District will not pledge any taxes of the District for the payment of the Bonds. Instead, the District will pledge, pursuant to that certain Master Resolution Providing for the Issuance of Water Revenue Bonds, adopted April 29, 2002, as amended and supplemented, the revenues attributable to the District’s water system for the payment of the Bonds.

The Board will hold a public hearing at its regular meeting that begins at 4:30 p.m. on \_\_\_\_\_, 2012. The public hearing will be held at the regular meeting place of the Board, located at 3430 East Danish Road, Cottonwood Heights, Utah. All members of the public are invited to attend and participate in the public hearing. Prior to the public hearing, written comments may be submitted to the District, to the attention of the Clerk of the District, at 3430 East Danish Road, Cottonwood Heights, Utah.

The purpose of the hearing is to receive input from the public with respect to the issuance of the Bonds for the purpose of financing or refinancing all or part of the cost of the Project and the potential economic impact that the Project will have on the private sector.

DATED this 23rd day of January, 2012.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

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

***Section 504. Effective Date.*** This Supplemental Resolution shall take effect immediately.

ADOPTED AND APPROVED this 23rd day of January 2012.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

By \_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Clerk

[SEAL]

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

STATE OF UTAH                    )  
  )  
COUNTY OF SALT LAKE        )

I, the duly chosen, qualified and acting Clerk of the Board of Trustees of the Metropolitan Water District of Salt Lake & Sandy (the “*Issuer*”) do hereby certify that the foregoing Supplemental Resolution was duly adopted by the Board of Trustees at a special meeting held at the regular meeting place of the Board of Trustees, at 3430 East Danish Road, Cottonwood Heights, Utah, within the Issuer, on January 23, 2012, and became effective as of said date, that said resolution has been compared by me with the original thereof, recorded in the official books of the Issuer and that such resolution is a correct transcript of the whole thereof, and that said resolution has not been altered, amended or repealed but is in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Metropolitan Water District of Salt Lake & Sandy on this day, January 23, 2012.

METROPOLITAN WATER DISTRICT OF SALT  
LAKE & SANDY

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

[SEAL]

**ANNEX 1**

[BOND PURCHASE CONTRACT]

**ANNEX 2**

[PRELIMINARY OFFICIAL STATEMENT]

**ANNEX 3**

[CONTINUING DISCLOSURE UNDERTAKING]

**ANNEX 4**

[CERTIFICATES OF DETERMINATION]