

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 19, 2023

NEW ISSUE  
Book-Entry Only

Rating: Fitch “BBB-”  
See “BOND RATING” herein

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to UIA, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2023 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. The Series 2023 Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” in this Official Statement.*



UTAH INFRASTRUCTURE AGENCY  
\$35,335,000\*  
TAX-EXEMPT TELECOMMUNICATIONS REVENUE BONDS,  
SERIES 2023

Dated: Date of Initial Delivery

Due: October 15, as shown on the inside cover

The Series 2023 Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Series 2023 Bonds. Purchases of Series 2023 Bonds will be made in book-entry form only, through brokers and dealers who are, or who act through, DTC participants. Individual purchases of Series 2023 Bonds will be made in the principal amount of \$5,000 and integral multiples thereof. Owners of the Series 2023 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2023 Bonds. Interest on the Series 2023 Bonds is payable on April 15 and October 15 of each year, commencing April 15, 2024, all as more fully described herein. Payment of the principal and interest with respect to the Series 2023 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2023 BONDS–Book-Entry-Only System” herein.

MATURITY SCHEDULE  
(See inside front cover page)

The Series 2023 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. See “THE SERIES 2023 BONDS–Redemption Provisions” herein.

The proceeds of the Series 2023 Bonds will be used to (i) finance the acquisition, construction, and installation of advanced communication lines, equipment and improvements, refreshment of major electronics, and related improvements and facilities as part of a fiber optic, open-access, advanced communications network (collectively, the Series 2023 Project”); (ii) fund capitalized interest with respect to the Series 2023 Bonds; (iii) fund a debt service reserve account for the Series 2023 Bonds; and (iv) pay the costs of issuance of the Series 2023 Bonds. See “THE SERIES 2023 PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Series 2023 Bonds are special limited obligations of UIA, and the principal of and interest on the Series 2023 Bonds are payable, together and on a parity with the Outstanding Parity Bonds (defined herein), which are outstanding in the aggregate principal amount of \$212,730,000, from the revenues of the UIA Network after provision has been made for the payment of all operation and maintenance expenses of the UIA Network, and from certain other funds pledged under that certain General Indenture of Trust, as heretofore supplemented, and as further supplemented by the Sixth Supplemental Indenture of Trust, each between the UIA and the Trustee. The Series 2023 Bonds are not a general obligation of the UIA, any Member of UIA, the State of Utah or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of any Member, the State of Utah or any agency, instrumentality or political subdivision thereof is assigned or pledged for payment of the Series 2023 Bonds. UIA will not mortgage or otherwise grant a security interest in any of the physical assets of the UIA Network to secure payment of the Series 2023 Bonds. UIA has no taxing power. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

This cover page contains certain information for quick reference only. It is not a summary of the transactions described herein. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2023 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 UIA. Certain legal matters will be passed upon for UIA by its general counsel, Jeffrey Starkey. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to UIA. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP. LRB Public Finance Advisors, Inc., Salt Lake City, Utah, has acted as municipal advisor to UIA in connection with the issuance of the Series 2023 Bonds. It is expected that the Series 2023 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about October 10, 2023.

This Official Statement is dated \_\_\_\_\_, 2023, and the information contained herein speaks only as of that date.



\* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

UTAH INFRASTRUCTURE AGENCY

\$35,335,000\*

TAX-EXEMPT TELECOMMUNICATIONS REVENUE BONDS, SERIES 2023

MATURITY SCHEDULE

<u>Due</u> <u>(October 15)</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2025	\$830,000			
2026	870,000			
2027	915,000			
2028	965,000			
2029	1,010,000			
2030	1,065,000			
2031	1,120,000			
2032	1,175,000			
2033	1,235,000			
2034	1,300,000			
2035	1,365,000			
2036	1,435,000			
2037	1,510,000			
2038	1,585,000			
2039	1,675,000			
2040	1,765,000			
2041	1,865,000			
2042	1,975,000			
2043	2,085,000			
2044	2,205,000			
2045	2,325,000			
2046	2,460,000			
2047	2,600,000			

[\$ \_\_\_\_\_ % Term Bond Maturing on October 15, 20\_\_\_; Price: \_\_\_\_\_ % c; CUSIP\*\* 917467 \_\_\_\_\_]

\* Preliminary; subject to change.

\*\* CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2023 Bonds. None of UIA, the Trustee or the Underwriter is responsible for the selection or use of such CUSIP numbers, and no representation is made as to its correctness on the Series 2023 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2023 Bonds.

The information contained in this Official Statement has been furnished by UIA, DTC, and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by UIA 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 contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by UIA or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of UIA or in any other information contained herein, since the date of this Official Statement.

In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the market prices of the Series 2023 Bonds. Such transactions, if commenced, may be discontinued at any time.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a 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.

The Series 2023 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such act. Any registration or qualification of the Series 2023 Bonds in accordance with applicable provisions of the securities laws of the states in which the Series 2023 Bonds are required to be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof.

THE SECURITIES OFFERED HEREBY 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.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE,” AND SIMILAR PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON SUCH FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

**UTAH INFRASTRUCTURE AGENCY**

**5858 South 900 East  
Murray, Utah 84121**

**GOVERNING BOARD**

<u>Name</u>	<u>Member Represented</u>	<u>Office</u>
Alex Jensen.....	Layton City .....	Chair
Derek Oyler .....	Brigham City .....	First Vice Chair
Brant Hanson .....	Centerville City .....	Second Vice Chair
Brenda Moore .....	Murray City .....	Third Vice Chair
Carolyn Lundberg.....	Lindon City .....	Director
Nate Rockwood .....	Midvale City .....	Director
Brenn Bybee .....	Orem City.....	Director
Brett Christensen .....	Payson City .....	Director
Dan Johnson .....	West Valley City .....	Director

**ADMINISTRATIVE STAFF**

Roger Timmerman.....Chief Executive Officer  
Jason Roberts.....Secretary/Treasurer

**TRUSTEE, BOND REGISTRAR, AND PAYING AGENT**

Zions Bancorporation, National Association  
One South Main Street, 12th Floor  
Salt Lake City, Utah 84133

**BOND AND DISCLOSURE 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

**MUNICIPAL ADVISOR**

LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101

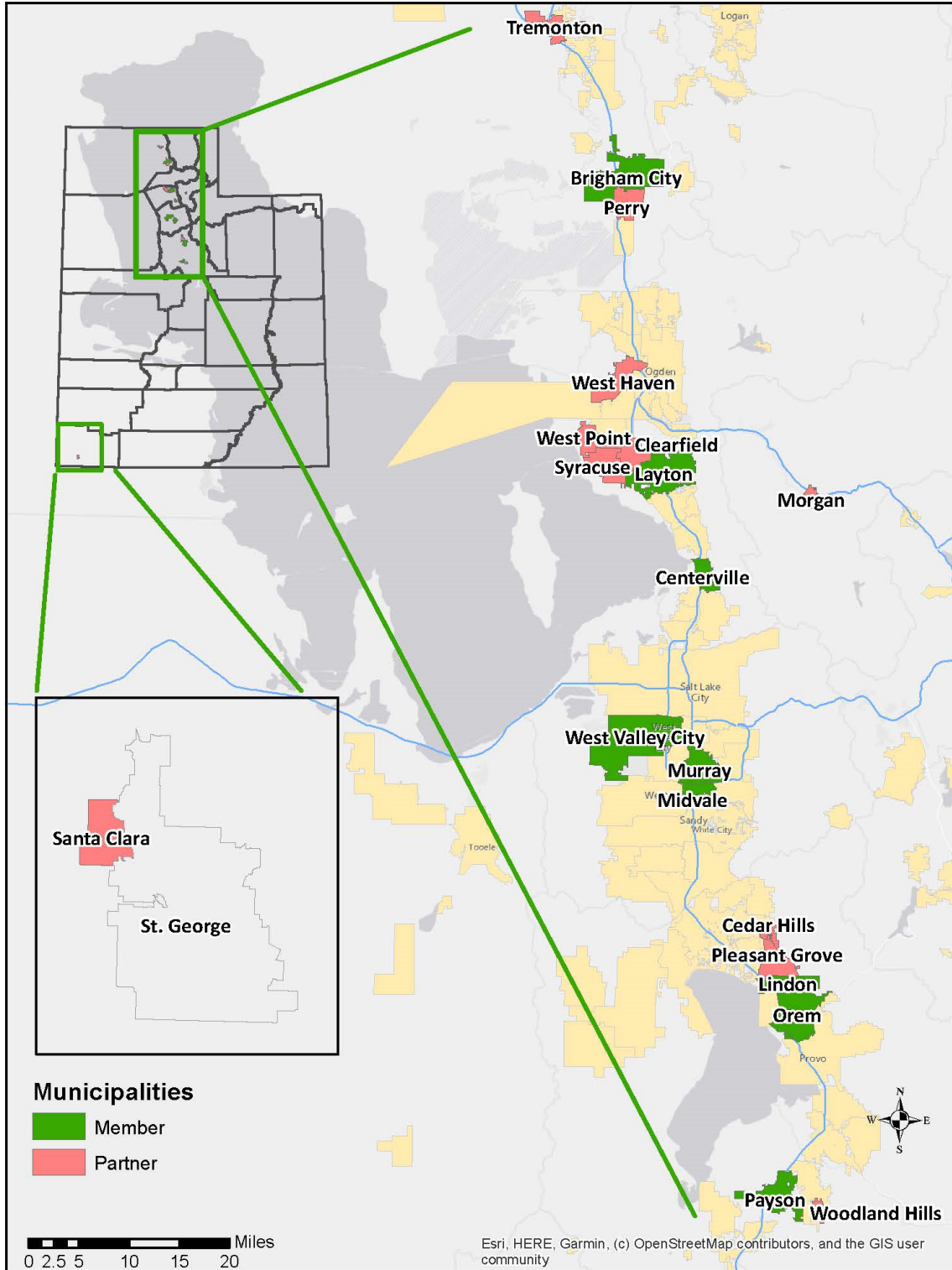
**UIA COUNSEL**

Jeffrey Starkey  
5858 South 900 East  
Murray, Utah 84121

**UNDERWRITER’S COUNSEL**

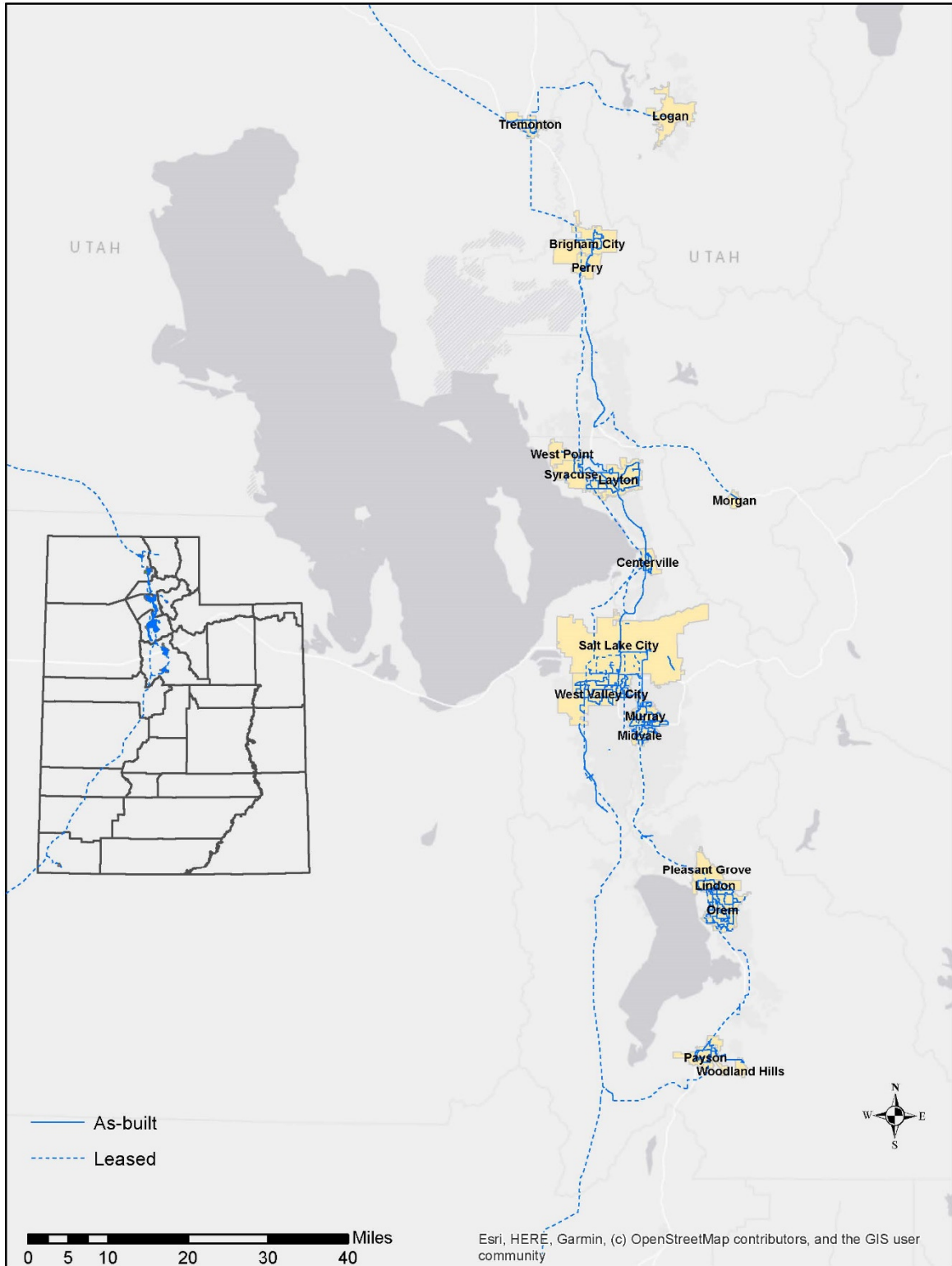
Chapman and Cutler LLP  
215 South State Street, Suite 800  
Salt Lake City, Utah 84111

## Member and Partner Cities of UIA



UIA Members, shown for reference only, are in green. Partner cities, shown in red, are cities where UIA has built or is building an extension of the UIA Network pursuant to separate service contracts.

# UTOPIA Backbone Infrastructure



## TABLE OF CONTENTS

<p>INTRODUCTION ..... 1</p> <p>    UIA ..... 1</p> <p>    The UIA Network ..... 1</p> <p>    Authority for the Series 2023 Bonds ..... 2</p> <p>    Uses of Proceeds ..... 2</p> <p>    Security for the Series 2023 Bonds ..... 2</p> <p>    Outstanding Parity Bonds; Additional     Bonds ..... 3</p> <p>    Other Outstanding UIA Debt ..... 3</p> <p>    Debt Service Reserve for Series 2023     Bonds ..... 3</p> <p>    Redemption Provisions ..... 3</p> <p>    Registration, Denominations, Manner of     Payment ..... 3</p> <p>    Transfer or Exchange ..... 4</p> <p>    Tax Matters ..... 4</p> <p>    Continuing Disclosure ..... 4</p> <p>    Conditions of Delivery, Anticipated Date,     Manner, and Place of Delivery ..... 4</p> <p>    Basic Documentation ..... 4</p> <p>    Bondholders’ Risks ..... 5</p> <p>    Contact Persons ..... 5</p> <p>    Additional Information ..... 5</p> <p>THE SERIES 2023 BONDS ..... 6</p> <p>    General ..... 6</p> <p>    Registration, Transfer and Exchange ..... 6</p> <p>    Redemption ..... 7</p> <p>    Selection of Series 2023 Bonds for     Redemption ..... 7</p> <p>    Notice of Redemption; Effect of     Redemption ..... 7</p> <p>    Book-Entry Only System ..... 8</p> <p>THE SERIES 2023 PROJECT ..... 8</p> <p>ESTIMATED SOURCES AND USES OF FUNDS ..... 9</p> <p>DEBT SERVICE SCHEDULE FOR THE BONDS ..... 10</p> <p>SECURITY AND SOURCES OF PAYMENT FOR THE BONDS ..... 11</p> <p>    Pledge of the Indenture ..... 11</p> <p>    General ..... 11</p> <p>    Flow of Funds ..... 11</p> <p>    Debt Service Reserve Accounts ..... 13</p> <p>    Additional Bonds ..... 14</p> <p>    Outstanding Parity Bonds ..... 15</p> <p>    Net Revenues of UIA ..... 15</p> <p>    Franchise Tax Obligation of Contracting     Members ..... 17</p> <p>    Revenue and Expense Details ..... 18</p> <p>    Customer Concentration ..... 19</p> <p>    Historical and Projected Debt Service     Coverage on the Bonds ..... 20</p> <p>UIA ..... 21</p> <p>    General ..... 21</p> <p>    Addition/Withdrawal/Dissolution ..... 23</p> <p>    Outstanding Obligations of UIA ..... 23</p>	<p>    No Defaulted Bonds ..... 25</p> <p>    Management Discussion ..... 25</p> <p>    Financial Summaries and Budget ..... 27</p> <p>THE UIA NETWORK ..... 31</p> <p>    General ..... 31</p> <p>    The UTOPIA Network ..... 32</p> <p>    Intersection of UIA Network and     UTOPIA Network ..... 32</p> <p>CONTRACTING MEMBERS ..... 35</p> <p>BONDHOLDERS’ RISKS ..... 50</p> <p>    Revenue Limitations ..... 51</p> <p>    Expansion and Operation of the UIA     Network ..... 51</p> <p>    Competition ..... 52</p> <p>    Destruction of the Network ..... 52</p> <p>    Reliance on UTOPIA ..... 53</p> <p>    Cybersecurity ..... 53</p> <p>    Future Changes in Laws ..... 53</p> <p>    Limited Remedies ..... 54</p> <p>    Withdrawal or Change of Bond Rating ..... 54</p> <p>    Secondary Market for the Bonds ..... 54</p> <p>    Continuing Disclosure ..... 54</p> <p>    Suitability of Investment ..... 54</p> <p>    Factors Relating to Tax Exemption ..... 54</p> <p>    Infectious Disease Outbreak ..... 55</p> <p>    Continuing Inflation ..... 55</p> <p>CONTINUING DISCLOSURE ..... 55</p> <p>LEGAL MATTERS ..... 56</p> <p>    Absence of Litigation ..... 56</p> <p>    General ..... 56</p> <p>TAX MATTERS ..... 56</p> <p>    Opinion of Bond Counsel ..... 57</p> <p>    Other Tax Consequences ..... 57</p> <p>BOND RATING ..... 58</p> <p>FINANCIAL STATEMENTS ..... 59</p> <p>MUNICIPAL ADVISOR ..... 59</p> <p>UNDERWRITING ..... 59</p> <p>MISCELLANEOUS ..... 59</p> <p>    Related Parties ..... 59</p> <p>    Additional Information ..... 59</p> <p>APPENDIX A AUDITED FINANCIAL STATEMENTS OF UTAH INFRASTRUCTURE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2022 ..... A-1</p> <p>APPENDIX B EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE ..... B-1</p> <p>APPENDIX C THE SERVICE CONTRACT ..... C-1</p> <p>APPENDIX D FORM OF OPINION OF BOND COUNSEL ..... D-1</p> <p>APPENDIX E FORM OF THE CONTINUING DISCLOSURE UNDERTAKING ..... E-1</p> <p>APPENDIX F PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM ..... F-1</p>
--	---

[THIS PAGE INTENTIONALLY LEFT BLANK]



## OFFICIAL STATEMENT

RELATING TO

### UTAH INFRASTRUCTURE AGENCY

**\$35,335,000\***

### TAX-EXEMPT TELECOMMUNICATIONS REVENUE BONDS, SERIES 2023

#### 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 \$35,335,000\* Tax-Exempt Telecommunications Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). This introduction is only a brief description of: (i) the Series 2023 Bonds; (ii) the security and sources of payment for the Series 2023 Bonds; (iii) certain information regarding UIA; (iv) the uses of the proceeds of the Series 2023 Bonds; and (v) the wholesale, fiber optic, open-access, advanced communications network of UIA and the improvements financed thereto with Series 2023 Bond proceeds. The information contained herein is expressly qualified by reference to the entire Official Statement. Investors are urged to make a full review of the entire Official Statement, including the Appendices hereto, which are incorporated herein by reference, as well as of the documents summarized or described herein. Capitalized terms used herein and not otherwise defined are defined in “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE” and “APPENDIX C—THE SERVICE CONTRACT.”

See also the following appendices attached hereto: “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF UTAH INFRASTRUCTURE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2022”; “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE”; “APPENDIX C—THE SERVICE CONTRACT”; “APPENDIX D—FORM OF OPINION OF BOND COUNSEL”; “APPENDIX E—FORM OF CONTINUING DISCLOSURE UNDERTAKING”; and “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.”

#### UIA

UIA 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 UIA 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 “UIA” herein for more detailed information about UIA, including management and financial information.

#### The UIA Network

The UIA Network is an open-access 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 customers within the reach of the UIA Network. See “THE UIA NETWORK” herein.

---

\* Preliminary; subject to change.

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”). The IRU provides the Agency access to certain facilities of and capacity in the UTOPIA Network through at least April 30, 2042. The IRU Agreement will automatically renew in additional five-year increments unless either party terminates. 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, 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 UIA NETWORK” and “BONDHOLDERS’ RISKS” herein.

### **Authority for the Series 2023 Bonds**

The Series 2023 Bonds are being issued pursuant to (i) the Interlocal Cooperation Act; (ii) the General Indenture of Trust dated as of December 1, 2017 (as previously supplemented, the “General Indenture”), between UIA and Zions Bancorporation, National Association, as trustee (the “Trustee”); (iii) a Sixth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Sixth Supplemental Indenture” and together with the General Indenture, the “Indenture”), between UIA and the Trustee; (iv) an authorizing resolution adopted on August 14, 2023 (the “Resolution”), by the Governing Board of UIA (the “Board”); and (v) other applicable provisions of law.

### **Uses of Proceeds**

The proceeds of the Series 2023 Bonds will be used to (i) finance the acquisition, construction, and installation of advanced communication lines, equipment and improvements, refreshment of major electronics, and related improvements and facilities as part of a fiber optic, open-access, advanced communications network (collectively, the “Series 2023 Project”); (ii) fund capitalized interest with respect to the Series 2023 Bonds; (iii) fund a debt service reserve account for the Series 2023 Bonds; and (iv) pay the costs of issuance of the Series 2023 Bonds. See “THE SERIES 2023 PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

### **Security for the Series 2023 Bonds**

The principal of, premium, if any and interest on the Series 2023 Bonds will be payable from and secured by a pledge and assignment of the revenues from the operation of the UIA Network after payment of all operation and maintenance expenses (as more particularly described herein, the “Revenues,” the “Operation and Maintenance Expenses,” and the “Net Revenues,” respectively). The Revenues primarily consist of the amounts paid to UIA (i) from service providers pursuant to each respective non-exclusive network access and use agreement entered into between UIA and the respective service provider (each a “Service Provider Agreement” and collectively, the “Service Provider Agreements”), and (ii) pursuant to a take-or-pay Communications Service Contract dated as of May 1, 2011 (the “Service Contract”), among UIA and Brigham City, Centerville City, Layton City, Midvale City, Murray City, Orem City and West Valley City (collectively, the “Contracting Members” and individually a “Contracting Member”). Payson is the only Member that is not a Contracting Member. Amounts due under the Service Contract are ultimately payable from revenues received from the levy of a municipal energy sales and use tax (the “Franchise Tax Revenues”) by each of the Contracting Members. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Net Revenues of UIA” herein.

***The Series 2023 Bonds are special limited obligations of UIA. The Series 2023 Bonds will not be a general obligation of UIA, any Member, the State of Utah or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of any Member, the State of Utah or any agency, instrumentality or political subdivision thereof will be assigned or pledged for payment of the Series 2023 Bonds. The Indenture does not pledge any properties of the UIA Network. UIA will not mortgage or grant a security***

*interest in the UIA Network to secure payment of the Series 2023 Bonds. UIA has no taxing power. See “BONDHOLDERS’ RISKS” herein.*

### **Outstanding Parity Bonds; Additional Bonds**

Under the Indenture, UIA has previously issued its (i) Tax-Exempt Telecommunications Revenue Bonds, Series 2022 (the “Series 2022 Bonds”); (ii) Tax-Exempt Telecommunications Revenue Bonds, Series 2021 (the “Series 2021 Bonds”); (iii) Tax-Exempt Telecommunications Revenue Bonds, Series 2019 (the “Series 2019 Bonds”); (iv) Tax-Exempt Telecommunications Revenue Bonds, Series 2018A (the “Series 2018A Bonds”); and (v) Tax-Exempt Telecommunications Revenue and Refunding Bonds, Series 2017A and Taxable Telecommunications Revenue Refunding Bonds, Series 2017B (together the “Series 2017 Bonds, and collectively with the Series 2018A Bonds, the Series 2019 Bonds, the Series 2021 Bonds, and the Series 2022 Bonds, the “Outstanding Parity Bonds”), which as of the date of this Official Statement are outstanding in total aggregate principal amount of \$212,730,000.

UIA may issue additional Series of 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 2023 Bonds and the Outstanding Parity Bonds. The Series 2023 Bonds, the Outstanding Parity Bonds, and any Additional Bonds are sometimes collectively referred to herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds” herein.

### **Other Outstanding UIA Debt**

UIA has also previously issued several series of project-specific bonds for certain municipalities in the State. Such bonds are payable from and secured, pursuant to separate indentures, by the revenues due and payable under a separate service contract with each respective municipality where the project is located. Such bonds are also secured by certain franchise and/or sales tax revenues or other revenues of the municipality. For additional information regarding these bonds, see “UIA—Outstanding Obligations of UIA” herein.

Furthermore, UIA plans to issue similar project specific bonds in the next several years that are payable from and secured by sources other than the Net Revenues. Such bonds will be payable from and secured by project specific revenues.

### **Debt Service Reserve for Series 2023 Bonds**

A portion of the proceeds of the Series 2023 Bonds will be deposited into a debt service reserve account for the Series 2023 Bonds (the “Series 2023 Debt Service Reserve Account”). The Series 2023 Debt Service Reserve Requirement is \$[\_\_\_\_\_], which is the maximum annual debt service for the Series 2023 Bonds.

### **Redemption Provisions**

The Series 2023 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2023 BONDS—Redemption Provisions” below.

### **Registration, Denominations, Manner of Payment**

The Series 2023 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2023 Bonds. Purchases of Series 2023 Bonds will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof, through brokers and dealers who are, or who act through, DTC Participants (as hereinafter defined). Beneficial Owners (as hereinafter defined) of the Series 2023 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2023 Bonds.

Principal of, premium, if any, and interest on the Series 2023 Bonds (interest payable April 15 and October 15 of each year, commencing April 15, 2024 (each an “Interest Payment Date”)) are payable to the registered owners of

the Series 2023 Bonds through Zions Bancorporation, National Association, which, in addition to acting as Trustee, will also act as paying agent and bond registrar with respect to the Series 2023 Bonds (respectively, the “Paying Agent” and the “Registrar”). So long as DTC is the registered owner, it will, in turn, remit such principal, premium, if any, and interest to the DTC Participants, for subsequent disbursements to the Beneficial Owners of the Series 2023 Bonds, as described in “APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM” herein.

### **Transfer or Exchange**

In the event that the Book-Entry Only System is terminated with respect to the Series 2023 Bonds, and in all cases in which the privilege of exchanging or transferring the Series 2023 Bonds is exercised, UIA shall execute, and the Bond Registrar shall authenticate and register and deliver, the Series 2023 Bonds in accordance with the provisions of the Indenture. For every such exchange or transfer of the Series 2023 Bonds, the Bond Registrar may require payment of a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer of the Series 2023 Bonds, but may impose no other charge therefor.

### **Tax Matters**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to UIA, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986 (the “Code”), as amended, the interest on the Series 2023 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 2023 Bonds is exempt from State of Utah individual income taxes. The Series 2023 Bonds are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. 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 2023 Bonds.

### **Continuing Disclosure**

UIA will enter into a Continuing Disclosure Undertaking at the time of the issuance of the Series 2023 Bonds for the benefit of the Owners and the beneficial owners of the Series 2023 Bonds to provide (i) certain annual financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) and (ii) notice of certain material events to the MSRB all in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “Rule”). See APPENDIX E attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Undertaking that will be executed and delivered by UIA.

### **Conditions of Delivery, Anticipated Date, Manner, and Place of Delivery**

The Series 2023 Bonds are offered, subject to prior sale, when, as, and if issued and received by KeyBanc Capital Markets Inc., as underwriter (the “Underwriter”), subject to the approval of legality by Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to UIA, and certain other conditions. Certain legal matters will be passed on for UIA by Jeffrey Starkey, as general counsel to UIA. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to UIA. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP. LRB Public Finance Advisors, Inc., Salt Lake City, Utah, has acted as municipal advisor to UIA in connection with the issuance of the Series 2023 Bonds. See “LEGAL MATTERS” below. It is expected that the Series 2023 Bonds in book-entry form will be available for delivery to DTC or its agent on or about October 10, 2023.

### **Basic Documentation**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of UIA, UTOPIA, the UIA Network, the Series 2023 Project, the Series 2023 Bonds, the Service Contract, and the Indenture are included in this Official Statement. Such descriptions do not purport to be

comprehensive or definitive. All references herein to the Indenture and the Service Contract are qualified in their entirety by reference to such documents, and references herein to the Series 2023 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned documents. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE” and “APPENDIX C—THE SERVICE CONTRACT” below.

### **Bondholders’ Risks**

The purchase of the Series 2023 Bonds involves a degree of risk. Certain of the risks associated with the purchase and ownership of the Series 2023 Bonds are discussed herein. For a description of certain risks associated with the Series 2023 Bonds, see “BONDHOLDERS’ RISKS” below. Potential purchasers of Series 2023 Bonds are encouraged to read the Official Statement in its entirety to gain an appreciation of the risks involved in purchasing the Series 2023 Bonds.

### **Contact Persons**

The chief contact person for UIA concerning the Series 2023 Bonds is:

Jason Roberts, Secretary/Treasurer  
Utah Infrastructure Agency  
5858 South 900 East  
Murray, Utah 84121  
Telephone: (801) 613-3859  
e-mail: [jroberts@utopiafiber.com](mailto:jroberts@utopiafiber.com)

Additional requests for information may be directed to UIA’s municipal advisor as follows:

Laura D. Lewis, Principal  
LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
Telephone: (801) 596-0700  
e-mail: [laura@lrbfinance.com](mailto:laura@lrbfinance.com)

### **Additional Information**

Capitalized terms used herein and not otherwise defined have the meanings given them in the Indenture and the Service Contract. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Definitions” and “APPENDIX C—THE SERVICE CONTRACT.”

Any 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 to be construed as a contract or agreement between UIA and the purchasers or owners of any of the Series 2023 Bonds. The statements of UIA herein are not to be construed as statements by any member of the Board or any officer or employee of UIA.

## THE SERIES 2023 BONDS

### General

The Series 2023 Bonds are dated their initial date of delivery and shall bear interest from said date. Interest on the Series 2023 Bonds will be payable semiannually on April 15 and October 15 of each year commencing April 15, 2024. Interest on the Series 2023 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Series 2023 Bonds will be issued as fully registered bonds, initially in book-entry form, in denominations of \$5,000 and integral multiples thereof.

The Series 2023 Bonds shall bear interest at the rates and shall 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 2023 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 address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Series 2023 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 2023 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 and premium, if any, on Series 2023 Bonds are 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 2023 Bond to the extent of the sum or sums so paid.

### Registration, Transfer and Exchange

UIA shall cause books for the registration or transfer of the Bonds to be kept at the principal corporate trust office of the Trustee and 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, UIA shall execute and the Trustee shall 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.

New Bonds delivered upon any transfer or exchange shall be valid obligations of UIA, 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 UIA may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto. UIA 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 2023 Bonds maturing on or after October 15, 20\_\_\_, are subject to redemption prior to maturity at the option of UIA in whole or in part on any date on or after October 15, 20\_\_\_, in such order of maturity as may be designated by UIA, at the redemption price of 100% the principal amount of the Series 2023 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption.

[Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing on October 15, 20\_\_\_, 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:

Mandatory Sinking Fund Redemption Date ( <u>October 15</u> )	Principal <u>Amount</u>
--	----------------------------

---

\* Final Maturity

If fewer than all of the Series 2023 Bonds maturing on October 15, 20\_\_\_, are redeemed in a manner other than pursuant to a mandatory sinking fund redemption, the principal amount so redeemed shall be credited at one hundred percent (100%) of the principal amount thereof by the Trustee against the obligation of UIA on future mandatory sinking fund redemption dates for the Series 2023 Bonds maturing on October 15, 20\_\_\_, in such order as shall be directed by UIA.]

## Selection of Series 2023 Bonds for Redemption

If less than all of the Series 2023 Bonds of any maturity are to be so redeemed, the particular Series 2023 Bonds or portion of Series 2023 Bonds of such maturity 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.

## Notice of Redemption; Effect of Redemption

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 thirty days but not more than sixty 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 UIA 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, UIA 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 UIA, 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 2023 Bonds. The Series 2023 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 bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM."

### **THE SERIES 2023 PROJECT**

A portion of the proceeds from the Series 2023 Bonds will be used for the acquisition, construction, and installation of advanced communication lines, equipment and improvements, refreshment of major electronics, and related improvements and facilities as part of a fiber optic, open-access, advanced communications network. The Series 2023 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/UTOPIA Network where available. The majority of the Series 2023 Project will be undertaken throughout the boundaries of the Contracting Members and partner cities.

The build-out of the network within the boundaries of the UTOPIA/UIA cities was substantially completed by the end of June 2022. UIA estimates that approximately 180,000 accessible addresses will have fiber available from the curb, with connection from the curb to the premises orderable. As new subscribers order service in available areas, UIA installs the fiber connection from the curb to the premises. Utah is experiencing one of the fastest growth rates in the nation. As the Contracting Member cities grow, UIA has committed to expanding the network into new developments within the boundaries of each City. UIA also takes advantage of business opportunities outside of the Contracting Member cities. For example, the Utah Education Network (UEN) awards bids to UIA each year to connect schools to the UTOPIA/UIA network. All business opportunities are analyzed to ensure quality return on investment.



**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources of funds from the proceeds to be received from the sale of the Series 2023 Bonds and the estimated uses of such funds are shown in the following schedule:

**Sources:**

Principal amount .....  
[Net] Original Issue Discount.....  
Total .....

**Uses:**

Deposit to Construction Account.....  
Deposit to Debt Service Reserve Account.....  
Deposit to Capitalized Interest Account <sup>(1)</sup> .....  
Costs of Issuance <sup>(2)</sup> .....  
Total .....

---

[<sup>(1)</sup> Interest with respect to the Series 2023 Bonds capitalized through \_\_\_\_\_.]

[<sup>(2)</sup> Includes Underwriter’s discount, legal, municipal advisor, and Trustee fees, and other costs and expenses related to the issuance of the Series 2023 Bonds.

(The remainder of this page intentionally left blank.)

**DEBT SERVICE SCHEDULE FOR THE BONDS**

<u>Payment Dates</u>	<u>Series 2023 Bonds Principal*</u>	<u>Series 2023 Bonds Interest<sup>(1)</sup></u>	<u>Outstanding Parity Bonds Debt Service<sup>(2)</sup></u>	<u>Fiscal Year Total</u>
4/15/2024	-		\$3,931,819	
10/15/2024	-		10,111,819	
4/15/2025	-		4,550,094	
10/15/2025	\$830,000		11,770,094	
4/15/2026	-		4,385,244	
10/15/2026	870,000		11,935,244	
4/15/2027	-		4,212,594	
10/15/2027	915,000		12,137,594	
4/15/2028	-		4,022,819	
10/15/2028	965,000		12,332,819	
4/15/2029	-		3,823,769	
10/15/2029	1,010,000		12,533,769	
4/15/2030	-		3,613,931	
10/15/2030	1,065,000		12,738,931	
4/15/2031	-		3,404,131	
10/15/2031	1,120,000		12,949,131	
4/15/2032	-		3,184,594	
10/15/2032	1,175,000		13,184,594	
4/15/2033	-		2,954,438	
10/15/2033	1,235,000		13,419,438	
4/15/2034	-		2,713,463	
10/15/2034	1,300,000		13,663,463	
4/15/2035	-		2,460,450	
10/15/2035	1,365,000		13,925,450	
4/15/2036	-		2,195,356	
10/15/2036	1,435,000		14,195,356	
4/15/2037	-		1,917,741	
10/15/2037	1,510,000		14,477,741	
4/15/2038	-		1,626,984	
10/15/2038	1,585,000		14,781,984	
4/15/2039	-		1,322,288	
10/15/2039	1,675,000		15,097,288	
4/15/2040	-		1,003,041	
10/15/2040	1,765,000		15,428,041	
4/15/2041	-		668,525	
10/15/2041	1,865,000		8,448,525	
4/15/2042	-		504,375	
10/15/2042	1,975,000		8,599,375	
4/15/2043	-		348,625	
10/15/2043	2,085,000		5,358,625	
4/15/2044	-		254,575	
10/15/2044	2,205,000		5,454,575	
4/15/2045	-		156,725	
10/15/2045	2,325,000		5,556,725	
4/15/2046	-		54,875	
10/15/2046	2,460,000		2,249,875	
4/15/2047	-		-	
10/15/2047	<u>2,600,000</u>		-	
Total	<u>\$35,335,000*</u>		<u>\$313,660,906</u>	

(1) Debt service on the Series 2023 Bonds will be paid from capitalized interest through October 15, 2024.\*

(2) Amount excludes debt service on the Series 2022 Bonds which will be paid from capitalized interest through October 15, 2024.

Note: Amounts have been rounded.

\* Preliminary; subject to change.

(Source: The Municipal Advisor.)

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### Pledge of the Indenture

The Series 2023 Bonds constitute a Series of Bonds issued pursuant to the Indenture as special limited obligations of the UIA, secured equally and ratably by and payable exclusively from the Net Revenues of UIA and certain other funds and accounts pledged under the Indenture. Payments on the Series 2023 Bonds will be made on a parity with the payments on the Outstanding Parity Bonds and any Additional Bonds that may be issued in the future pursuant to the Indenture.

The Bonds are not a general obligation of UIA, any Member, the State or any agency, instrumentality or political subdivision thereof. Neither the faith and credit nor the ad valorem taxing power of any Member, the State or any agency, instrumentality or political subdivision thereof is assigned or pledged for payment of the Bonds. UIA will not mortgage or grant a security interest in the physical assets of the UIA Network to secure payment of the Bonds. UIA has no taxing power.

To secure the timely payment of the principal of and interest on the Bonds, UIA has pledged and assigned to the Trustee the Net Revenues and certain other funds and accounts established by the Indenture.

### General

Pursuant to the General Indenture, “Net Revenues” means all Revenues after payment of all Operation and Maintenance Expenses.

“Revenues” is defined under the General Indenture as all revenues, fees, income, rents, sale proceeds and receipts received or earned by UIA from or attributable to the ownership or operation of the UIA Network, including moneys received from the imposition of fees and charges to providers and end users and all payments received pursuant to the Service Contract, including any Franchise Tax Revenues, 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.

“Operation and Maintenance Expenses” is defined under the General Indenture as all expenses reasonably incurred by UIA in connection with the operation and maintenance of the UIA Network, whether incurred by UIA or paid to any other entity, including UTOPIA or any Member, pursuant to contract or otherwise, necessary to keep the UIA Network in efficient operating condition, including cost of audits 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; provided, however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the UIA Network shall be included.

See “—Net Revenues of UIA,” below.

### Flow of Funds

The General Indenture provides that:

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

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

(c) So long as any Bonds are Outstanding, as a second charge and lien on the Revenues, i.e. from Net Revenues, UIA will, 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, UIA need not allocate 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 the Sinking Fund Installments, if any, falling due on the next succeeding Sinking Fund Installment payment date;

(iv) the sum of which will 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.

(d) As a third charge and lien on the Revenues (on a parity basis), UIA will make the following transfers to the Trustee on or before the 15th 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 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 (B) if funds will 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, UIA will deposit Revenues in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with 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 the General Indenture) 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 the General Indenture) 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.

(e) As a fourth charge and lien on the Revenues, UIA will 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 is ever 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, UIA will deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Revenues of UIA Network after payments required under the General Indenture 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 the General Indenture, this provision is not intended to limit, and will not limit, the right of UIA to deposit additional moneys in the Repair and Replacement Fund from time to time as UIA may determine.

The Repair and Replacement Reserve Requirement at the time of issuance of the Series 2023 Bonds is \$0.

(f) Subject to making the foregoing deposits, UIA 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 owed by UIA to any Contracting Member under the Service Contract; or (iv) for any other lawful purpose, including any intergovernmental transfers, including but not limited to transfers to UTOPIA.

### **Debt Service Reserve Accounts**

The General Indenture establishes a Debt Service Reserve Fund, held by the Trustee. Each Supplemental Indenture authorizing the issuance of a Series of Bonds will specify if a Debt Service Reserve Account will be established for such Series and the Debt Service Reserve Requirement, as applicable. The Debt Service Reserve Requirement will be deposited:

- (a) immediately upon the issuance and delivery of such Series of Bonds from (i) proceeds from the sale thereof or from any other legally available source, (ii) by a Reserve Instrument or Instruments, or (iii) any combination thereof;
- (b) from available Net Revenues over the period of time specified therein; or
- (c) from any combination of (a) and (b) above; provided however, the foregoing provisions will be subject to the requirements of any Security Instrument Issuer set forth in the related Supplemental Indenture.

In calculating the amount on deposit in each account of the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account. 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, the Trustee is required to act in accordance with the provisions of the General Indenture to cure the deficiency. Moneys on deposit in any account of the Debt Service Reserve Fund will 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 will only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained. For more information about the operation and use of the Debt Service Reserve Fund, see “APPENDIX B—Extracts of Certain Provisions of the Indenture.”

UIA will fund a Series 2023 Debt Service Reserve Account as established pursuant to the Indenture. The Series 2023 Debt Service Reserve Requirement is [\$\_\_\_\_\_], which is the maximum annual debt service for the Series 2023 Bonds. The Series 2023 Debt Service Reserve Account will be funded by proceeds of the Series 2023 Bonds.

The Series 2022 Bonds are additionally secured by the Series 2022 Debt Service Reserve Account which is currently funded in the amount of \$2,292,046.

The Series 2021 Bonds are additionally secured by the Series 2021 Debt Service Reserve Account which is currently funded in the amount of \$3,426,419.

The Series 2019 Bonds are additionally secured by the Series 2019 Debt Service Reserve Account which is currently funded in the amount of \$3,403,686.

The Series 2018A Bonds are additionally secured by the Series 2018A Debt Service Reserve Account which is currently funded in the amount of \$1,709,696.

The Series 2017A Bonds are additionally secured by the Series 2017A Debt Service Reserve Account which is currently funded in the amount of \$5,703,013, and the Series 2017B Bonds are additionally secured by the Series 2017B Debt Service Reserve Account which is currently funded in the amount of \$366,828.

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.

### **Additional Bonds**

UIA may not issue additional indebtedness, bonds or notes payable from Net Revenues or any portion thereof on a priority basis senior to the Bonds or the Security Instrument Repayment Obligations. UIA may issue Additional Bonds and other parity obligations if the following requirements have been met:

(a) (i) A certificate, based upon the most recent audited financial statements of UIA or a report prepared by UIA's auditor, will be delivered to the Trustee by an Authorized Representative to the effect that the sum of the Net Revenues and any Available Franchise Tax Revenues for any Year within the 24 months immediately preceding the issuance of the Additional Bonds was at least 150% of the maximum Aggregate Annual Debt Service for any Bond Fund Year on all of the Bonds that will be Outstanding upon the issuance of such Additional Bonds; or (ii) An Authorized Representative will have delivered to the Trustee a certificate from a Qualified Consultant:

(1) setting forth projected Available Franchise Tax Revenues and the Estimated Net Revenues as herein described (assuming, if applicable, the completion of any contemplated additions, improvements, extensions, replacements or repairs to the UIA Network (collectively, the "Improvements")) either: (i) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Improvements, if proceeds of the Additional Bonds are used to fund interest during the construction period; or (ii) if (i) is not the case, for the then current Bond Fund Year and the next succeeding Bond Fund Year; and

(2) verifying that the sum of the projected Available Franchise Tax Revenues and the Estimated Net Revenues as shown in (1) above for each Bond Fund Year during which Bonds are Outstanding is not less than 150% of the maximum annual debt service requirement for each of such Bond Fund Years with respect to all of the Bonds which would then be Outstanding upon the issuance of such Additional Bonds so proposed to be issued.

For purposes of this subsection (ii) "Estimated Net Revenues" will be determined by the Qualified Consultant as follows:

(A) The Net Revenues for any Year in the 24 months immediately preceding the delivery of the Additional Bonds shall first be determined. Net Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Improvements financed with proceeds of the Additional Bonds will be estimated by the Qualified Consultant for the applicable Bond Fund Years as determined in (ii)(1)(i) or (ii) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 75% of the estimated additional Net Revenues as calculated in (B) above.

(b) All payments required by the General Indenture to be made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund the full amount required by the General Indenture to be accumulated at such time, taking into account any Reserve Instrument Coverage.

(c) The coverage test set forth in (a)(i) and (a)(ii) above will not apply to the issuance of any Additional Bonds to the extent such Bonds are issued for the purpose of refunding Bonds issued under the Indenture, and the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith.

(d) All Repayment Obligations then due and owing will have been paid.

(e) The proceeds of the Additional Bonds, less costs of issuance and funding of reserves, must be used in connection with (i) the refunding of Bonds issued under the Indenture or any borrowing of UIA, (ii) the financing of a Project or (iii) any other lawful purpose.

(f) No Event of Default is existing under the General Indenture on the date of authentication of such Additional Bonds, unless (i) the Security Instrument Issuers, Reserve Instrument Issuers and Owners of all Outstanding Bonds (subject to the consent authorized by the General Indenture) have each consented to the issuance of such Additional Bonds or (ii) upon the issuance of such Additional Bonds and the application of the proceeds thereof, all such Events of Default will be cured.

Pursuant to the foregoing, the Estimated Net Revenues will be at least 150% of the maximum Aggregate Annual Debt Service for any Bond Fund Year on all of the Bonds that will be Outstanding upon the issuance of the Series 2023 Bonds.

### **Outstanding Parity Bonds**

The UIA has previously issued the Outstanding Parity Bonds which are secured by the Net Revenues on a parity with the Series 2023 Bonds. See “UIA—Outstanding Obligations of UIA.”

### **Net Revenues of UIA**

As described above under “Flow of Funds,” Revenues are available to pay debt service on the Bonds after the payment of all Operation and Maintenance Expenses. Revenues consist primarily of amounts paid to UIA from (1) the Service Provider Agreements and (2) amounts paid pursuant to the Service Contract.

#### Service Provider Agreements

Approximately 67% of UIA’s Operating Revenues for fiscal year ended June 30, 2023, and 68% of UIA’s Operating Revenues for fiscal year ended June 30, 2022 were derived from Service Provider Agreements. Each Service Provider Agreement intends to memorialize a relationship between the Agency and the respective qualified service provider pursuant to which the Agency builds and operates the UIA Network, and the service provider is expected to actively market to potential users and provide high quality services. Pursuant to each Service Provider Agreement, the respective service provider pays the Agency to use the UIA Network to provide services, on a non-exclusive basis, to end residential and business users within the Members’ boundaries. The payments to the Agency are paid monthly by the service provider, and the amounts are determined pursuant to the prices and fees identified in the UTOPIA/UIA Product Catalog. Prices vary based on the products and services provided by such service provider, whether the user is a residence or business, connection speed and capacity and other variables. Each Service Provider Agreement has an initial term of one year, which automatically renews for additional one-year terms, unless either party at its sole discretion elects not to renew such agreement by providing at least 90 days written notice of termination prior to the expiration of the term.

#### Service Contract

*General.* Approximately 31% of UIA’s Operating Revenues for fiscal year ended June 30, 2023 and 31% of UIA’s Revenues for fiscal year ended June 30, 2022, were derived from the Service Contract. Pursuant to the Service Contract, the Agency provides advanced telecommunications services via the UIA Network to residents and businesses of the Contracting Members in exchange for the Service Fees (defined below). The Agency markets to and subsequently facilitates connection to the UIA Network for the residents and businesses of each Contracting Member (each, a “Customer” and collectively, the “Customers”), and the fees charged by or on behalf of each Contracting Member to its Customers for such connections are the “Service Fees.” The stated termination date of the Service Contract is April 1, 2041. See “APPENDIX E—Service Contract.”

With respect to connection services the Agency provides to each Customer, such Customer pays a monthly fee pursuant to one of the following options:

(1) The Customer makes a monthly payment for a contractual utility enhancement (“CUE”), the same being the connection of the UIA Network to its residence or business, for a term of 10 or 20 years. Upon full payment at the end of the term, such residence or business will never need to pay additional connection or access fees related to the UIA Network. The CUE agreements are with Members, and each Member is responsible for billing and collecting monthly payments from its participating residents and businesses. The Member passes through to the Agency 95% of the amounts payable under the CUE agreements and retains the remaining 5%; or

(2) The Customer pays a monthly fee to access a connection to the UIA Network pursuant to a lease agreement (the “Lease Agreement”). The Customer pays the fee for as long as it desires such connection. The Agency bills the Customer on behalf of the Member and receives 100% of the receipts pursuant to such Lease Agreement.

*Operation of the Service Contract.* If the Service Fees are not sufficient to meet the UIA Revenue Requirement (which is the sum of Operation and Maintenance Expenses and Capital Costs, including debt service on the Bonds) under the Service Contract, each Contracting Member is obligated, if requested by the Agency, to remit to the Agency a portion of its Franchise Tax Revenues to fund the difference between the UIA Revenue Requirement and the Service Fees (the “Revenue Difference”). The obligation of each Contracting Member to remit a portion of its Franchise Tax Revenues (its “Franchise Tax Obligation”) is limited to a percentage of the Revenue Difference and to a maximum annual amount. For a list of the Contracting Members and their respective Franchise Tax Obligations, see “FRANCHISE TAX OBLIGATION” below. Each Contracting Member is required to meet its Franchise Tax Obligation to the extent necessary to cover its applicable portion of the Revenue Difference, regardless of the amount of Service Fees it pays to UIA. Under the Service Contract, the Agency is required to repay any Franchise Tax Obligation payment made by a Contracting Member. Such repayment would be made on a subordinate basis to payment of any debt service on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Flow of Funds.”

Since inception of the Agency, Franchise Tax Obligations have not been requested or required by the Agency to meet its obligations.

A Contracting Member’s other obligations payable from its Franchise Tax Revenues (the “City Debt”) are required to be payable on a parity with or subordinate to its Franchise Tax Obligation, except for obligations that existed at the time of the execution of the Service Contract or future City Debt issued on a parity with obligations that existed at the time of execution of the Service Contract. See “CONTRACTING MEMBERS” for a description of City Debt.

Payment obligations of Contracting Members under the Service Contract are not joint and several obligations, and no Contracting Member is obligated to satisfy the Franchise Tax Obligation of any other Contracting Member. Further, such payment obligations are not general obligations of the Contracting Members and are payable solely from the Service Fees and the Franchise Tax Obligations. Moreover, the Contracting Members have agreed to make all payments under the Service Contract, including Franchise Tax Obligation payments, whether or not the UIA Network or any portion thereof is acquired, completed, operable or operating. In any such scenario, the Franchise Tax Obligations may become the primary source of funds to meet the UIA Revenue Requirement. The obligations of the Contracting Members to pay the Service Fees to UIA are irrevocable, absolute and unconditional and are not subject to any reduction, whether by defense, recoupment, counterclaim or offset or otherwise.



## Franchise Tax Obligation of Contracting Members

Franchise Tax Revenues are included as a component of Revenues under the General Indenture. The Franchise Tax Obligation of each Contracting Member is limited to a maximum annual amount specific to each Contracting Member. Set forth below is a list of the Contracting Members, the allocated percentages of any Revenue Difference and the respective maximum Franchise Tax Obligations.

<u>Contracting Member</u>	<u>Percentage of Revenue Difference</u>	<u>Maximum Annual Franchise Tax Obligation</u>
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
City of Orem	23.76	1,223,786
West Valley City	<u>30.44</u>	<u>1,568,781</u>
Total	<u>100.00%</u>	<u>\$5,151,152</u>

The Franchise Tax Revenues pledged under the Service Contract by the Contracting Members represent a portion of those revenues received from the levy of the Municipal Energy Sales and Use Tax (defined below).

The Municipal Energy Sales and Use Tax Act of the State, Title 10, Chapter 1, Part 3 Utah Code Annotated 1953, as amended, provides that a municipality may levy a municipal energy sales and use tax (the “Municipal Energy Sales and Use Tax”) on the sale or use of gas and electricity within the municipality, including sales by the municipality, for the purpose of raising revenue and to create a more competitive environment for the energy industry in accordance with the limitations and provisions set forth in the Municipal Energy Sales and Use Tax Act. The municipality may levy a Municipal Energy Sales and Use Tax at a rate not to exceed 6% of the delivered value of the taxable energy. All of the Contracting Members currently levy the Municipal Energy Sales and Use Tax at the maximum rate of 6%.

The Municipal Energy Sales and Use Tax is imposed on the “delivered value” of taxable energy provided within the Contracting Member. “Delivered value” refers to the fair market value of the taxable energy and includes the value of the energy itself and any transportation, freight, customer demand charges, service charges or other costs typically incurred in providing taxable energy in usable form to customers within the Contracting Member. Each Contracting Member has either contracted with the Utah State Tax Commission to perform all functions incident to the collection and administration of the revenues derived from the levy of the Municipal Energy Sales and Use Tax, or if the municipality operates its own utility, collects the revenues as part of the utility bill that it sends to its customers. Each Contracting Member receives such revenues on a monthly basis.

## Revenue and Expense Details

The following table sets forth a breakdown of the sources of the Revenues of the Agency by type of Customer. The Revenues shown in this table do not include Franchise Tax Obligations in the annual aggregate amount of \$5,151,152, which have not been requested or required to meet the obligations of the Agency since its inception.

	<i>Fiscal Year Ending June 30,</i>				
	<u>2023<sup>(1)</sup></u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential	\$20,242,184	\$17,111,485	\$13,759,522	\$7,833,014	\$6,083,165
Business	12,577,872	10,675,086	8,503,601	8,125,536	6,573,492
Installation	335,393	160,519	120,998	104,592	112,860
Miscellaneous <sup>(2)</sup>	163,295	143,244	63,549	954,641	745,959
Contract Revenue <sup>(3)</sup>	<u>—</u>	<u>—</u>	<u>—</u>	<u>165,400</u>	<u>1,851,696</u>
<b>Total</b>	<b><u>\$33,318,744</u></b>	<b><u>\$28,090,334</u></b>	<b><u>\$22,447,670</u></b>	<b><u>\$17,183,183</u></b>	<b><u>\$15,367,172</u></b>

(1) Fiscal year 2023 amounts are preliminary and based on unaudited financial statements.

(2) Miscellaneous sources of Revenues include rental income received for use of building, early contract termination fees, other miscellaneous charges, and bad debt expense (offsets revenue).

(3) Contract Revenue represents gross amount received from non-UTOPIA/UIA cities for construction of their own fiber network. Associated costs were \$2,191,574 for FY 2019 and \$93,297 for FY 2020.

(Source: The Agency.)

The following table sets forth a breakdown of the Revenues of the Agency by contractual relationship:

	<i>Fiscal Year Ending June 30</i>									
	<u>2023<sup>(1)</sup></u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>	
Service Contract (lease agreements)	\$10,470,644	31.4%	\$8,910,975	31.7%	\$7,240,251	32.3%	\$4,191,256	24.4%	\$2,641,233	17.2%
Service Contract (CUE agreements)	—	—	—	—	—	—	247,500	1.4	837,767	5.5
Service Provider Agreements	22,349,412	67.1	18,875,596	67.2	15,022,872	66.9	11,519,794	67.0	9,177,657	59.7
Installation	335,393	1.0	160,519	0.6	120,998	0.5	104,592	0.6	112,860	0.7
Miscellaneous <sup>(2)</sup>	163,295	0.5	143,244	0.5	63,549	0.3	954,641	5.6	745,959	4.9
Construction Contracts	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>165,400</u>	<u>1.0</u>	<u>1,851,696</u>	<u>12.0</u>
<b>Total</b>	<b><u>\$33,318,744</u></b>	<b><u>100.0</u></b>	<b><u>\$28,090,334</u></b>	<b><u>100.0</u></b>	<b><u>\$22,447,670</u></b>	<b><u>100.0</u></b>	<b><u>\$17,183,183</u></b>	<b><u>100.0</u></b>	<b><u>\$15,367,172</u></b>	<b><u>100.0</u></b>

(1) Fiscal year 2023 amounts are preliminary and based on unaudited financial statements.

(2) Miscellaneous includes rental income received for use of building, early contract termination fees, other miscellaneous charges, and bad debt expense (offsets revenue).

(Source: The Agency.)

The table below sets forth a breakdown of operating expenses of the Agency.

	<i>Fiscal Year Ending June 30,</i>				
	<u>2023<sup>(1)</sup></u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Marketing Costs	\$1,444,068	\$1,295,195	\$876,739	\$769,906	\$634,749
Professional Services <sup>(2)</sup>	40,922	35,311	240,797	178,222	172,597
Network Maintenance	8,890,833	7,186,316	5,668,284	4,445,694	3,209,354
Contract Costs <sup>(3)</sup>	–	–	–	93,297	2,191,574
Depreciation <sup>(4)</sup>	<u>8,439,000</u>	<u>7,598,083</u>	<u>6,757,075</u>	<u>8,990,683</u>	<u>6,301,884</u>
Total	<u>\$21,072,023</u>	<u>\$16,114,905</u>	<u>\$13,542,895</u>	<u>\$14,477,802</u>	<u>\$12,510,158</u>

<sup>(1)</sup> Fiscal year 2023 amounts are preliminary and based on unaudited financial statements.

<sup>(2)</sup> Professional Services donated by or paid to UTOPIA are reported as Network Maintenance.

<sup>(3)</sup> The Agency entered into contracts with non-UTOPIA/UIA cities to build their fiber optic networks. See related Construction Contract revenue of \$1,851,696 (fiscal year 2019) and \$165,400 (fiscal year 2020) in the immediately preceding revenue tables.

<sup>(4)</sup> Not a cash expense. Life of fiber and conduit was extended from 25 years to 40 years beginning July 1, 2020, resulting in lower annual depreciation in fiscal year 2021.

(Source: The Agency.)

### Customer Concentration

As measured by Revenues generated per Customer, the Agency does not have a concentration of end users. No single Customer provides more than 5% of Recurring Monthly Revenue (defined below) and the ten largest Customers provide less than 10% of Recurring Monthly Revenue. The following table provides a breakdown of residential and business Customers and Recurring Monthly Revenue.

	<i>Fiscal Year</i>				
	<u>2023<sup>(1)</sup></u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential customers	35,911	30,532	25,563	18,516	12,021
Business customers	<u>4,854</u>	<u>3,082</u>	<u>2,476</u>	<u>2,177</u>	<u>1,896</u>
Total customers	<u>40,765</u>	<u>33,614</u>	<u>28,039</u>	<u>20,693</u>	<u>13,917</u>
Average Recurring Monthly Revenue <sup>(2)</sup>	\$2,736,726	\$2,322,067	\$1,864,082	\$1,450,330	\$1,136,249

<sup>(1)</sup> Fiscal year 2023 amounts are preliminary and based on unaudited financial statements.

<sup>(2)</sup> “Recurring Monthly Revenue” is revenue derived from service fees and other recurring operating revenues and excludes one-time fees.

(Source: The Agency.)

(The remainder of this page intentionally left blank.)

## Historical and Projected Debt Service Coverage on the Bonds

	Historical					Projected									
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	
<b>Operating Revenue</b>															
Residential connections (lease fees)	2,121,671	3,517,047	4,808,126	7,089,176	8,733,725	10,470,644	12,592,803	14,600,429	15,101,867	15,913,519	16,518,647	17,022,572	17,534,485	18,057,382	
Residential service provider fees	1,929,948	3,187,011	4,073,037	6,534,840	8,254,125	9,771,540	11,749,785	13,422,808	14,475,823	15,271,731	15,828,965	16,282,206	16,723,797	17,174,782	
Business service provider fees	5,720,453	6,573,492	7,449,110	8,362,509	10,675,086	12,577,872	14,543,336	16,195,436	17,804,536	19,403,636	21,001,736	22,594,836	24,184,936	25,775,036	
LESS Layton's share of revenues			-	-	-	(246,193)	(137,018)	(138,068)	(137,968)	(142,168)	(141,043)	(141,668)	(144,043)	(143,293)	
Bandwidth/DIA/NNI	598,752	-	278,036	141,092	-	-	-	-	-	-	-	-	-	-	
Installations	115,653	96,327	229,635	120,998	160,519	234,680	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	
Construction contract revenue (Idaho Falls)		1,851,696	165,400	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	155,338	141,600	179,840	199,054	266,880	264,008	161,600	161,600	161,600	161,600	161,600	161,600	161,600	161,600	
<b>Total Operating Revenue (1)</b>	<b>10,641,815</b>	<b>15,367,173</b>	<b>17,183,185</b>	<b>22,447,668</b>	<b>28,090,336</b>	<b>33,072,551</b>	<b>38,990,506</b>	<b>44,322,205</b>	<b>47,485,857</b>	<b>50,688,318</b>	<b>53,449,905</b>	<b>55,999,546</b>	<b>58,540,775</b>	<b>61,105,506</b>	
<b>Total Franchise Tax Revenue Pledge (2)</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	<b>5,151,152</b>	
<b>Total Non-Operating Revenue</b>	<b>1,527,822</b>	<b>1,720,829</b>	<b>1,571,527</b>	<b>1,583,144</b>	<b>429,441</b>	<b>1,148,732</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	
<b>Total Revenue</b>	<b>17,320,789</b>	<b>22,239,153</b>	<b>23,905,864</b>	<b>29,181,964</b>	<b>33,670,928</b>	<b>39,372,435</b>	<b>44,741,658</b>	<b>50,073,357</b>	<b>53,237,009</b>	<b>56,439,470</b>	<b>59,201,057</b>	<b>61,750,698</b>	<b>64,291,927</b>	<b>66,856,658</b>	
<b>Total Expenditures (3)</b>	<b>3,021,597</b>	<b>6,208,274</b>	<b>5,487,119</b>	<b>6,785,820</b>	<b>8,516,820</b>	<b>10,374,823</b>	<b>11,958,655</b>	<b>12,801,969</b>	<b>13,536,286</b>	<b>14,212,820</b>	<b>14,852,025</b>	<b>15,499,572</b>	<b>16,181,218</b>	<b>16,903,895</b>	
<b>Net Revenue</b>	<b>14,299,192</b>	<b>16,030,880</b>	<b>18,418,746</b>	<b>22,396,144</b>	<b>25,154,108</b>	<b>28,997,612</b>	<b>32,783,003</b>	<b>37,271,387</b>	<b>39,700,723</b>	<b>42,226,650</b>	<b>44,349,031</b>	<b>46,251,125</b>	<b>48,110,708</b>	<b>49,952,763</b>	
<b>Net Debt Service (4)</b>															
Debt refunded w/ Series 2017 A&B	3,107,685	-	-	-	-	-	-	-	-	-	-	-	-	-	
Series 2017 A&B	1,172,824	6,237,125	5,781,575	5,775,125	5,751,600	5,752,400	5,743,125	5,533,750	5,528,750	5,527,500	5,529,500	5,524,500	5,522,250	5,517,375	
UIA Series 2018		867,543	1,676,088	1,677,838	1,678,088	1,676,838	1,674,088	1,674,713	1,678,463	1,675,338	1,678,213	1,677,700	1,677,700	1,678,613	
Layton Series 2018				789,673	1,148,744	1,454,519	1,563,694	1,562,644	1,562,744	1,558,544	1,559,669	1,559,044	1,556,669	1,557,419	
Morgan Series 2019					101,638	165,013	166,638	168,013	169,138	165,138	166,013	166,638	167,013	167,950	
Payson Series 2019					65,894	219,538	219,913	220,037	219,913	219,538	223,788	222,663	221,288	220,338	
Westpoint Series 2019					130,775	433,050	430,950	433,550	430,850	432,850	429,550	430,950	431,950	432,550	
UIA Series 2019					3,340,550	3,340,650	3,338,550	3,339,150	3,339,225	3,337,975	3,342,475	3,342,475	3,337,975	3,339,100	
Clearfield Series 2020						501,169	730,213	730,588	730,212	733,963	731,838	730,788	730,888	730,388	
UIA Series 2021							3,364,225	3,364,300	3,363,025	3,360,400	3,362,850	3,364,650	3,363,650	3,359,850	
Pleasant Grove Series 2021							317,925	1,066,500	1,062,750	1,063,850	1,062,450	1,063,425	1,063,950	1,066,400	
Syracuse Series 2021							366,975	1,214,100	1,214,300	1,214,300	1,211,525	1,213,100	1,211,300	1,213,600	
Santa Clara Series 2022								405,113	404,812	404,312	403,613	407,612	406,312	404,813	
Cedar Hills Series 2022								357,494	357,794	357,894	357,794	357,494	356,994	361,194	
UIA Series 2022								750,000	2,245,875	2,246,625	2,250,250	2,246,750	2,246,125	2,248,125	
West Haven Series 2022								465,550	1,291,850	1,287,975	1,288,225	1,214,350	1,216,350	1,290,475	
UIA Series 2023*								930,763	2,670,775	2,668,275	2,668,650	2,671,650	2,667,275	2,670,400	
<b>Total Net Debt Service (5)</b>	<b>4,280,509</b>	<b>7,104,668</b>	<b>7,457,663</b>	<b>8,242,636</b>	<b>12,217,289</b>	<b>13,543,177</b>	<b>17,916,296</b>	<b>22,216,265</b>	<b>26,270,476</b>	<b>26,254,477</b>	<b>26,263,528</b>	<b>26,194,302</b>	<b>26,177,689</b>	<b>26,258,590</b>	
<b>Debt Service Coverage</b>	<b>3.34</b>	<b>2.26</b>	<b>2.47</b>	<b>2.72</b>	<b>2.06</b>	<b>2.14</b>	<b>1.83</b>	<b>1.68</b>	<b>1.51</b>	<b>1.61</b>	<b>1.69</b>	<b>1.77</b>	<b>1.84</b>	<b>1.90</b>	

(Source: UIA and the Municipal Advisor)

(1) Projected; based on UIA's audited financial statements for the fiscal year ended June 30, 2022. Does not include available Franchise Tax Revenues.

(2) Pledged by the Contracting Members pursuant to the Service Contract.

(3) Excludes depreciation. UIA's Operation and Maintenance expenses primarily consist of the monthly fees it pays to UTOPIA pursuant to the UTOPIA Service Agreement.

(4) Does not include debt service paid from capitalized interest.

(5) Net Revenues divided by Net Debt Service

\* Preliminary; subject to change.

# UIA

## General

Creation and purpose. UIA 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, or 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, UIA 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 UIA; 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. UIA 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:

<u>Name</u>	<u>City</u>	<u>Board Role</u>
Alex Jensen	Layton City	Chair
Derek Oyler	Brigham City	First Vice Chair
Brant Hansen	Centerville City	Second Vice Chair
Brenda Moore	Murray City	Third Vice Chair
Carolyn Lundberg	Lindon City	Director
Nate Rockwood	Midvale City	Director
Brenn Bybee	Orem City	Director
Brett Christensen	Payson City	Director
Dan Johnson	West Valley City	Director

Note: The position of Fourth Vice Chair is 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.

<u>Member</u>	<u>2020 Population</u>	<u>Approximate Current Voting %</u>
West Valley City	140,230	29%
City of Orem	98,129	21
Layton City	81,773	17
Murray City	50,637	11
Midvale City	36,028	8
Payson City	21,101	4
Brigham City	19,650	4
Centerville City	16,884	4
Lindon City	11,397	2

(Source (as to population): U.S. Census Bureau, 2020 Census.)

The Board also elects from among its members a Chair, a First Vice Chair, a Second Vice Chair, 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 UIA 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 UIA 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 UIA by the Interlocal Agreement. The day-to-day operations are handled by the Chief Executive Officer. Set forth below are brief biographies of certain key administrative personnel.

*Roger Timmerman, Chief Executive Officer.* Mr. Timmerman has served as Chief Executive Officer of UIA since 2016. He also serves as Executive Director of UTOPIA, a position he has also held since 2016. Prior to joining UIA 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.

*Jason Roberts, Secretary/Treasurer.* Mr. Roberts was appointed as Secretary/Treasurer of UIA on April 11, 2022. He also serves as the Chief Financial Officer of UTOPIA. Prior to joining UIA, Mr. Roberts was the City Manager for Brigham City, one of UIA's member cities. He was employed by Brigham City for 13 years, starting out as Finance Director in 2009, advancing to City Administrator in 2016. He has served on the boards of both UIA and UTOPIA and on UIA's Finance Committee. Prior to working for Brigham City, Mr. Roberts worked for Transportation Alliance Bank as the Controller and Ernst & Young, LLP in Salt Lake City as an auditor. He is a Certified Public Accountant. He holds a B.A. and master's degree in accounting from Utah State University.

*Jeffrey Starkey, General Counsel.* Mr. Starkey serves as General Counsel for UIA and UTOPIA and advises on a broad range of legal matters. Before joining UIA and UTOPIA in 2022, Mr. Starkey worked for more than 30 years representing large private landowners and real estate developers, as well as the contracted city attorney for several Utah municipalities. In 2013, he was appointed as the first in-house city attorney for Washington City, one of Utah's fastest growing cities. Prior to that appointment, Mr. Starkey was a shareholder in one of Utah's largest law firms, Durham Jones & Pinegar, and served as the chair of that firm's real estate and banking practice. His legal practice of three decades of governmental law, land use and development rights prepared him for his current role as General Counsel of UIA and UTOPIA. He received his law degree from Brigham Young University and B.A. in business administration from Utah State University.

### Addition/Withdrawal/Dissolution

Any municipality that wishes to become a member of UIA may do so upon approval of the governing body of the governmental entity and UIA's Board. Entities that become members of UIA 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 UIA.

UIA may be dissolved by a two-thirds vote of the Members, so long as it has no outstanding bonds (including the Series 2023 Bonds). Upon dissolution and after payment in full of all outstanding bonds and other obligations, the Board will equitably disburse the assets of UIA to the 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 UIA

#### TELECOMMUNICATIONS REVENUE BONDS

<u>Series</u>	<u>Purpose</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Principal Amount Outstanding<sup>(1)</sup></u>
2017A <sup>(2)</sup>	Improvements & Refunding	\$73,905,000	October 15, 2040	\$64,975,000
2017B <sup>(2)</sup>	Refunding	3,500,000	October 15, 2023	650,000
2018A <sup>(2)</sup>	Improvements	21,810,000	October 15, 2040	19,430,000
2019 <sup>(2)</sup>	Improvements	48,365,000	October 15, 2042	45,620,000
2021 <sup>(2)</sup>	Improvements	52,495,000	October 15, 2045	52,495,000
2022 <sup>(2)</sup>	Improvements	30,000,000	October 15, 2046	30,000,000
2023 <sup>(2)(3)</sup>	Improvements	35,335,000*	October 15, 2047	<u>35,335,000*</u>
			Total	<u>\$248,510,000*</u>

<sup>(1)</sup> As of September 1, 2023.

<sup>(2)</sup> Issued under the Indenture and secured by UIA operating revenues and a pledge of franchise taxes under the Service Contract between UIA and its Members.

<sup>(3)</sup> For purposes of this Official Statement, the Series 2023 Bonds are considered issued and outstanding.

(The remainder of this page intentionally left blank.)

PROJECT SPECIFIC REVENUE BONDS

<u>Series</u>	<u>Purpose</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Principal Amount Outstanding</u> <sup>(1)</sup>
2018 <sup>(2)</sup>	Layton Improvements	\$22,285,000	October 15, 2044	\$21,670,000
2019 <sup>(3)</sup>	Morgan Improvements	2,550,000	October 1, 2044	2,485,000
2019 <sup>(4)</sup>	Payson Improvements	3,520,000	October 1, 2044	3,430,000
2019 <sup>(5)</sup>	West Point Improvements	7,220,000	October 15, 2046	7,045,000
2020 <sup>(6)</sup>	Clearfield Improvements	12,645,000	October 15, 2047	12,370,000
2021 <sup>(7)</sup>	Pleasant Grove Improvements	16,915,000	October 15, 2048	16,915,000
2021 <sup>(8)</sup>	Syracuse Improvements	19,220,000	October 15, 2048	19,220,000
2022 <sup>(9)</sup>	Cedar Hills Improvements	5,965,000	October 15, 2051	5,965,000
2022 <sup>(10)</sup>	Santa Clara Improvements	6,675,000	October 15, 2051	6,675,000
2022 <sup>(11)</sup>	West Haven Improvements	17,680,000	October 15, 2049	17,680,000
			Total	<u>\$113,455,000</u>

(1) As of September 1, 2023.

(2) Issued August 15, 2018, under a separate indenture with respect to these bonds and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Layton City, Utah and certain franchise tax revenues of Layton City.

(3) Issued April 16, 2019, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Morgan City, Utah and certain sales tax revenues and electric fee revenues of Morgan City.

(4) Issued June 18, 2019, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Payson City, Utah and certain franchise tax revenues of Payson City.

(5) Issued September 5, 2019, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in West Point City, Utah and certain sales and franchise tax revenues of West Point City.

(6) Issued August 6, 2020, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Clearfield City, Utah and certain franchise tax revenues of Clearfield City.

(7) Issued June 16, 2021, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Pleasant Grove City, Utah and certain franchise tax revenues of Pleasant Grove City.

(8) Issued September 8, 2021, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Syracuse City, Utah and certain franchise tax and sales and use tax revenues of Syracuse City.

(9) Issued April 28, 2022, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in the City of Cedar Hills, Utah and certain franchise tax and sales and use tax revenues of City of Cedar Hills.

(10) Issued April 28, 2022, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in Santa Clara City, Utah and certain franchise tax and sales and use tax revenues of Santa Clara City.

(11) Issued December 21, 2022, under a separate indenture and secured by revenues received by UIA with respect to certain telecommunications facilities constructed by UIA to provide fiber communications service in West Haven City, Utah and certain sales and use tax revenues of West Haven City.

As of June 30, 2022, UIA has paid in full outstanding notes that were payable to certain of the Members (the “Member Notes”). The Member Notes evidenced working capital assessments made by UIA to such Members for fiscal years 2013-2015 pursuant to the Interlocal Agreement in order to help UIA meet ongoing operational expense obligations, including payments to UTOPIA for operational expenses of the UTOPIA Network. 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. UIA has not assessed the Members (and no new notes were issued) since fiscal year 2015, and UIA does not expect to issue any additional notes in the future.



UIA may issue Additional Bonds under the Indenture 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 2023 Bonds and the Outstanding Parity Bonds.

UIA also plans to issue project-specific bonds in the next several years that are payable from and secured by sources other than the Net Revenues. Such bonds will be payable from and secured by project specific revenues.

### **No Defaulted Bonds**

UIA 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**

UIA believes that there is strong consumer demand nationwide for faster and higher capacity fiber optic infrastructure. UIA is well positioned to meet the emerging needs of the industry within its service area.

The UIA Network is a fiber optic, open-access 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 and UIA Network is an open-access system where UTOPIA and UIA design, build and operate a fiber infrastructure that multiple competing service providers utilize to provide internet service to end-customers. The synergy provided by UIA's partnership with UTOPIA allows both organizations to provide citizens a state-of-the-art broadband network. UIA's projects are facilitating economic development throughout UIA's (and UTOPIA's) member cities and partner cities.

UIA, 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 and outside of 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, 2023, 30 residential and business internet service providers were actively providing services utilizing the combined UTOPIA/UIA Network and just over 56,210 homes and businesses had subscribed for services. This is an increase of 18% since June 30, 2022 and 40% since June 30, 2021. By June 2022 UIA had completed its original mission: to build a fiber optic network to service substantially all of the businesses and residents in UTOPIA's eleven member cities. As of June 30, 2023, more than 5,200 miles of fiber cable have been placed to serve member and partner cities. Within footprints serviced by approximately 210 hut sites, UTOPIA/UIA has installed fiber to the curb past 184,000 addresses. As UTOPIA/UIA member and partner cities continue to develop, UIA will install fiber to the curb in new developments.

Future growth of the UIA Network will be largely demand-based, bringing the network to those areas that will bring the best return on investment and/or to cities willing to pay cash on hand or pledge existing revenues (sales and franchise tax revenues) to guarantee debt service on bonds issued for construction. The combined UTOPIA/UIA Network has grown to become the largest open-access system in North America. In early 2019, UIA completed the expansion of its network to Woodland Hills, Utah, its first city outside the boundaries of UTOPIA's eleven member cities. The Woodland Hills network is available to approximately 560 addresses, and as of June 30, 2023, approximately 87% of occupied homes have signed up for services. Building on the success of that project, UIA has since executed contracts with eight (not including Layton and Payson due to previous arrangements) additional cities to build a city network. Two of those projects were completed by December 2020 and enjoy take rates (percentage of subscribers/available addresses) of 65% and 43%. Construction of the network in a fourth city was completed in June 2021 and already has a 21% take rate. Two additional cities were substantially completed in the spring of 2023. The cities of Cedar Hills and Santa Clara are anticipated to be completed by fall of 2024. UIA is in various stages of discussion with many additional Utah municipalities regarding expansion of the network and expects to execute service contracts within the next year.

In May of 2023, UTOPIA entered into an agreement with Bountiful City, Utah to build out a network in the city. The network will be paid for and owned by Bountiful City. UTOPIA will manage the construction of the network

over a three-year period and provide network management services for an initial ten-year period. UTOPIA will collect fees for network management services from service providers with Bountiful City receiving a portion of the fees. Bountiful City will be required to pay for all maintenance or expansion of the network outside of the terms of the construction contract.

Unaudited financial results for UIA for the fiscal year ended June 30, 2023, are projected to be very positive. Projected operating revenues increased from an actual amount of \$28,090,334 in fiscal year 2022 to \$33,318,744 in fiscal year 2023, an 18.6% increase. Projected Operating Expenses (excluding depreciation) were up 21.8% from an actual amount of \$8,516,822 in fiscal year 2022 to \$10,375,823 in fiscal year 2023. Operating Income (excluding depreciation) is projected at \$22,942,921, an increase of 17% from fiscal year 2022. Customers of the UIA network alone increased by 18% in fiscal year 2023, 21% in fiscal year 2022, and 35% in fiscal year 2021. The UIA customer count increased from 34,514 as of June 30, 2022 to 40,765 as of June 30, 2023. Projected average monthly recurring revenue for UIA alone was \$2,736,726, an increase of \$414,659 (17.9%) over fiscal year 2022.

For fiscal year 2024, UIA budgeted for a 19.0% increase in monthly recurring revenue. The budget shows a 15.2% increase in operating expenditures. A significant portion of the increase in operating expenditures is to properly recognize services provided by UTOPIA to UIA. UTOPIA has recently increased its field service workforce and added additional engineering personnel to keep pace with demand. Budgeted net operating revenue for FY 2023 is \$27.5 million, an increase of \$4.6 million from FY 2023 projected.

UIA actively works toward reducing operating expenditures through technology. In 2020 UIA purchased a warehouse/office building to store inventory and house field service technicians and utility locators. This will eventually eliminate materials handling charges paid to the general contractor for inventory storage. Utility locating services were brought in-house in January 2020. The net savings from these changes are expected to be approximately \$100,000 per year.

Certain recent trends in the industry should benefit both the near-term success and long-term viability of UTOPIA/UIA. Consumer demand in the service area continues to outpace available incumbent provider options, which has led to significant customer growth for UTOPIA/UIA. UTOPIA and UIA combined have been adding customers at the fastest pace in their history, averaging 674 net new customers per month over the past 24 months, with growth coming from all areas where their service is available. Subscriber disconnections (known as “churn”) for UTOPIA/UIA have averaged 3.3% annually over the past five years. This is 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 2022 and contracted for by UTOPIA, UTOPIA’s Net Promoter Score, an industry metric for measuring customer satisfaction, was 64, significantly higher than any other known Net Promoter Score for broadband options in Utah. UTOPIA also has a Google satisfaction rating of 4.5, which is higher than Comcast or Google Fiber.

UTOPIA has also partnered with fiber networks outside of Utah. In 2019, UTOPIA entered into an operational partnership with Idaho Falls Fiber in Idaho where UTOPIA provided consulting, network design and is an Idaho Falls technology provider for the open access system software. The Idaho Falls network has passed approximately 20,000 addresses and 5,666 have signed up for service as of June 30, 2023. In 2021, UTOPIA entered into an agreement with Yellowstone Fiber in Montana to provide design, construction and operation of the expansion of its fiber network. The buildout of the Yellowstone Fiber network is expected to reach 16,000 addresses by summer of 2024 (the estimated completion date for the buildout).

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/UIA. 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, Amazon Prime, Disney+, 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 UIA’s revenue model is generally based on connection revenues and higher speed internet access at competitive rates and is not reliant on providing bundled services, UIA believes it is well positioned to benefit from the cord-cutting trend.

On November 15, 2021, President Biden signed into law the \$1.2 trillion Infrastructure Investment and Jobs Act (the “IIJ Act”) which allocates \$65 billion to broadband development, with \$42 billion earmarked for a last mile broadband program administered by the National Telecommunications and Information Administration (NTIA). The

Broadband Equity, Access and Deployment (BEAD) Program will offer competitive grants of at least \$100 million to each state for broadband deployment in unserved and underserved areas. UIA intends to closely monitor the deployment of federal funds in Utah pursuant to the BEAD Program and pursue grant opportunities as they become available. However, UIA currently does not anticipate that the Series 2023 Project will qualify for any BEAD monies.

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

### **Financial Summaries and Budget**

The following tables summarize UIA's recent financial history as well as its budget for fiscal year ending June 30, 2024. UIA prepared the historical tables based on information set forth in its audited financial statements for the fiscal years 2019 through 2022 and its unaudited, preliminary financial statements for the fiscal year 2023 with respect to the Statement of Revenues, Expenses, and Changes in Fund Net Position and the fiscal years 2018 through 2022 with respect to the Statement of Net Position.

(The remainder of this page intentionally left blank.)

Utah Infrastructure Agency  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues					
Access fees	\$22,349,412	\$18,802,020	\$14,931,211	\$11,665,097	\$9,762,852
Installations	225,065	225,065	123,668	104,592	29,624
Lease Revenues					
/Connection Fees	10,480,259	8,910,974	7,240,251	5,088,104	3,582,149
Misc. operating revenue	264,008	152,275	152,540	159,990	140,851
Construction contract revenue	—	—	—	<u>165,400</u>	<u>1,851,696</u>
Total Operating Revenues	<u>33,318,744</u>	<u>28,090,334</u>	<u>22,447,670</u>	<u>17,183,183</u>	<u>15,367,172</u>
Operating Expenses					
Marketing	1,444,068	1,295,195	876,739	769,906	634,749
Professional services	40,922	35,311	240,797	178,222	172,597
Network	8,890,833	7,186,316	5,668,284	4,445,694	3,209,354
Construction contract costs	—	—	—	93,297	2,191,574
Depreciation	<u>8,439,000</u>	<u>7,598,083</u>	<u>6,757,075</u>	<u>8,990,683</u>	<u>6,301,884</u>
Total Operating Expenses	<u>18,814,823</u>	<u>16,114,905</u>	<u>13,542,895</u>	<u>14,477,802</u>	<u>12,510,158</u>
Operating Income (Loss)	<u>14,503,921</u>	<u>11,975,429</u>	<u>8,904,775</u>	<u>2,705,381</u>	<u>2,857,014</u>
Non-Operating Revenues (Expenses)					
Interest income	884,724	429,441	457,006	1,418,679	1,420,334
Installation related capital contributions	—	—	1,122,680	152,848	300,494
Bond interest and fees	(13,708,355)	(11,827,122)	(9,938,605)	(8,039,778)	(6,577,988)
Payments to Member Cities	(4,000,000)	(335,283)	—	—	—
Total Non-Operating Revenues (Expenses)	<u>(16,823,631)</u>	<u>(11,732,964)</u>	<u>(8,358,919)</u>	<u>(6,468,251)</u>	<u>(4,857,160)</u>
Change in Net Position	(2,319,710)	242,465	545,856	(3,762,870)	(2,000,146)
Total Net Position, July 1	<u>(201,591)</u>	<u>(444,056)</u>	<u>(989,912)</u>	<u>2,772,958</u>	<u>4,773,105</u>
Total Net Position, June 30	<u>\$(2,521,301)</u>	<u>\$(201,591)</u>	<u>\$(444,056)</u>	<u>\$(989,912)</u>	<u>\$2,772,959</u>

\* Preliminary, unaudited.

(Source: UIA has provided this unaudited summary based on its audited financial statements for the fiscal years ended June 30, 2019 –2022 and its unaudited financial statements for the fiscal year ended June 30, 2023.)

Utah Infrastructure Agency  
Statement of Net Position  
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$21,481,350	\$21,283,322	\$13,916,081	\$8,777,628	\$5,447,838
Restricted cash equivalents	48,406,939	50,997,670	26,525,999	24,798,724	4,504,137
Trade receivables, net	3,144,513	1,713,531	2,255,120	1,567,017	1,100,484
Investments	3,082,354	3,090,240	3,066,532	-	-
Inventory	10,935,693	5,610,052	3,485,054	2,802,295	2,579,451
Notes receivable	172,674	222,598	243,644	248,023	236,173
Prepaid expenses	-	-	10,226	7,390	5,553
Costs of uncompleted contracts in excess of recent billings	-	-	-	341,396	-
<b>Total Current Assets</b>	<b><u>\$87,223,523</u></b>	<b><u>\$82,917,413</u></b>	<b><u>\$49,502,656</u></b>	<b><u>\$38,542,473</u></b>	<b><u>\$13,873,636</u></b>
<b>Noncurrent Assets</b>					
Restricted cash equivalents	20,104,600	\$17,469,813	\$11,307,505	\$8,252,539	\$6,004,053
Trade receivables, net	-	-	197,014	-	-
Notes receivable	1,586,621	1,898,972	2,360,592	2,848,652	3,091,433
<b>Capital Assets:</b>					
Construction in progress	29,228,960	19,662,901	11,765,028	5,339,558	3,246,486
Land	959,272	959,272	959,272	555,872	500,000
Building, equipment, & net fiber optic network	<u>213,637,244</u>	<u>166,268,199</u>	<u>123,413,188</u>	<u>87,847,211</u>	<u>65,400,272</u>
<b>Total Noncurrent Assets</b>	<b><u>\$265,516,697</u></b>	<b><u>\$206,259,157</u></b>	<b><u>\$150,002,599</u></b>	<b><u>\$104,843,832</u></b>	<b><u>\$78,242,244</u></b>
<b>Total Assets</b>	<b><u>\$352,740,220</u></b>	<b><u>\$289,176,570</u></b>	<b><u>\$199,505,255</u></b>	<b><u>\$143,386,305</u></b>	<b><u>\$92,115,880</u></b>
<b>Deferred Outflows of Resources</b>					
Deferred issuance costs on bonds	4,232,437	4,463,297	4,694,157	4,925,018	5,155,878
<b>Total Deferred Outflows of Resources</b>	<b><u>4,232,437</u></b>	<b><u>4,463,297</u></b>	<b><u>4,694,157</u></b>	<b><u>4,925,018</u></b>	<b><u>5,155,878</u></b>
<b>Total Assets &amp; Deferred Outflows</b>	<b><u>\$356,972,657</u></b>	<b><u>\$293,639,867</u></b>	<b><u>\$204,199,412</u></b>	<b><u>\$148,311,323</u></b>	<b><u>\$97,271,758</u></b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	12,811,592	\$7,928,834	\$7,722,781	\$4,236,467	\$1,931,760
Accrued liabilities	-	-	16,800	111,018	140,074
Unearned/Deferred revenue	126,983	160,363	125,926	44,006	25,075
Interest payable from restricted assets	2,705,511	2,530,686	1,720,374	1,220,273	762,473
Capital leases payable	-	-	-	-	647,187
Notes payable	-	1,388,270	1,452,500	830,000	-
Revenue bonds payable	<u>\$5,535,000</u>	<u>4,420,000</u>	<u>2,830,000</u>	<u>2,745,000</u>	<u>2,595,000</u>
<b>Total Current Liabilities</b>	<b><u>21,179,086</u></b>	<b><u>\$16,428,153</u></b>	<b><u>\$13,868,381</u></b>	<b><u>\$9,186,764</u></b>	<b><u>\$6,101,569</u></b>
<b>Noncurrent Liabilities</b>					
Capital Leases Payable	-	-	-	-	\$365,216
Notes Payable	-	-	1,308,454	2,677,673	3,718,636
Revenue Bonds Payable	<u>335,995,162</u>	<u>277,655,770</u>	<u>190,012,489</u>	<u>133,673,927</u>	<u>82,313,232</u>
<b>Total Noncurrent Liabilities</b>	<b><u>\$335,995,162</u></b>	<b><u>\$277,655,770</u></b>	<b><u>\$191,320,943</u></b>	<b><u>\$136,351,600</u></b>	<b><u>\$86,397,084</u></b>
<b>Total Liabilities</b>	<b><u>\$357,174,248</u></b>	<b><u>\$294,083,923</u></b>	<b><u>\$205,189,324</u></b>	<b><u>\$145,538,364</u></b>	<b><u>\$92,498,653</u></b>
<b>Net Position</b>					
Net investment in capital assets	(26,153,808)	(24,374,358)	(19,109,531)	(8,049,857)	(5,540,482)
<b>Restricted for:</b>					
Debt service	12,074,630	8,262,082	4,620,189	10,828,506	9,672,253
Future development	-	-	-	18,257,484	-
Unspent bond proceeds	-	-	-	-	73,464
<b>Unrestricted</b>	<b><u>13,877,586</u></b>	<b><u>15,668,220</u></b>	<b><u>13,499,431</u></b>	<b><u>(18,263,174)</u></b>	<b><u>567,870</u></b>
<b>Total Net Position</b>	<b><u>\$(201,591)</u></b>	<b><u>\$(444,056)</u></b>	<b><u>\$(989,912)</u></b>	<b><u>\$2,772,959</u></b>	<b><u>\$4,773,105</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$356,972,657</u></b>	<b><u>\$293,639,867</u></b>	<b><u>\$204,199,412</u></b>	<b><u>\$148,311,323</u></b>	<b><u>\$97,271,758</u></b>

(Source: UIA has provided this unaudited summary based on its audited financial statements for the fiscal years ended June 30, 2018 through June 30, 2022.) Note: FY 2020 is the first year UIA showed a deficit net position. This is largely due to depreciation of rapidly growing property, plant and equipment. UIA historically depreciates conduit and fiber over 25 years, which is considerably less than its expected service life. Beginning July 1, 2020, the expected service life of conduit and fiber was adjusted to 40 years.

Utah Infrastructure Agency  
FY 2024 Budget

	<u>Budget</u> <u>FY 2024</u>
Revenues:	
Residential Transport	\$11,702,936
Business Transport	13,967,624
Fiber Lease Revenue	13,225,720
Installation Revenue	180,000
Miscellaneous Revenue	<u>408,600</u>
Total Operating Revenue	<u>\$39,484,880</u>
Expenses:	
Marketing Expense	1,300,000
Professional Services	33,500
Management Fees to UTOPIA	3,837,000
Service Contract Fees to UTOPIA	6,788,155
Capitalized Labor to UTOPIA	1,012,000
Capital Projects (non-Network expansion)	768,000
Distribution to UTOPIA	1,781,698
Debt Service (net of capitalized interest)	<u>18,000,269</u>
Total	<u>33,520,622</u>
Net Gain (Loss) from Operations:	<u>\$5,964,258</u>
Network Expansion (Capital):	\$27,526,225
Non-Operating Revenues:	
Proceeds from Debt Issuance	-
Interest revenue	600,000
Contribution from (to) Fund Balance	5,340,742
Contribution from Restricted Bonds Funds	<u>15,000,000</u>
Total Non-Operating Revenues	<u>20,940,742</u>
Non-Operating Expenses:	
Capital Projects (Network expansion)	11,703,000
Bond Issuance Costs	-
Reduction of Fund Balance Deficit	202,000
Deposit to Restricted Funds	<u>15,000,000</u>
Total Non-Operating Expenses	<u>26,905,000</u>
Net Gain (Loss) from Network Expansion:	<u>\$(5,964,258)</u>
Total Revenue Over (Under) Expense:	<u>          -</u>

(Source: UIA.)

## THE UIA NETWORK

### General

The UIA Network is an advanced communications, open-access 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. UIA provides the fiber optic cable, laid both underground and above ground, necessary to connect cities and the homes and businesses within those cities. 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 UIA 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 10 Gigabit capable for residents and currently supports speeds of up to 100 Gigabit for commercial customers. UIA 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, UIA 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. UIA 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 UIA directly, or with UTOPIA, as UIA'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 UIA. UIA, 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/UTOPIA Network for the past five fiscal years, as measured by comparing the percentage of Revenues generated from such service provider against Revenues generated from all Service Provider Agreements:

Service Provider	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>
Xmission	35.1%	30.2%	30.0	31.3%	30.6%
Sumo	20.4	13.0	11.4	8.5	7.6
Beehive	6.9	5.2	5.0	4.9	–
Veracity	6.1	13.4	17.2	19.3	21.6
Intellipop	3.5	–	–	–	–
Centracom	–	4.4	3.4	–	–
First Digital	–	–	–	3.2	3.6
Windstream	–	–	–	–	<u>3.7</u>
Total	<u>72.0%</u>	<u>66.2%</u>	<u>67.0%</u>	<u>67.2%</u>	<u>67.0%</u>

(Source: UIA.)

### **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. Cedar City, Cedar Hills City, Riverton City and the Town of Vineyard did not pledge revenues towards UTOPIA debt.

UIA connects the UIA Network to the UTOPIA Network pursuant to the IRU Agreement and other agreements. See “Intersection of UIA Network and Utopia Network” herein for a further discussion of the IRU Agreement. As of June 30, 2023, the UTOPIA/UIA Network consisted of more than 5,200 miles of fiber cable serving member and partner cities within and outside of the boundaries of eleven of UTOPIA’s member cities. All eleven pledging Member cities are substantially built-out.

### **Intersection of UIA Network and UTOPIA Network**

The physical location of the UTOPIA Network is critical to UIA’s success because UIA 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 UIA 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 UIA 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 the 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 UIA receives a notice of default related to the occurrence of an event described in (i) above, UIA will have 30 days to cure. If UIA 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 UIA 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 UIA 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 UIA shall owe UTOPIA no additional compensation.

UIA does not have a payroll, and both employees of UIA are also employees of UTOPIA and are paid by UTOPIA. Pursuant to the UTOPIA Service Agreement, UIA 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 UIA 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 the 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 UIA 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.

UTOPIA/UIA substantially completed all remaining network construction within UTOPIA's pledging members prior to June of 2022, with approximately 137,700 addresses within those cities able to receive services at the decision of the household or business (marketable).

The following chart shows the total number of business and residential customers, the "take rate" and the "churn rate" of the combined UTOPIA/UIA Networks for the past five 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/UIA Networks, including the seven partner cities, the total projected potential customers for the combined UTOPIA/UIA Networks is approximately 180,000. "Churn rate" means the percentage of customers of the combined UTOPIA/UIA Networks that have terminated services in such fiscal year.

(The remainder of this page intentionally left blank.)

**Combined UTOPIA/UIA Networks – Customers, Take-Rate and Churn Rate**

City	Fiscal Year 2023			Fiscal Year 2022			Fiscal Year 2021			Fiscal Year 2020			Fiscal Year 2019		
	(1) Customers	(1) Addresses	Take Rate	(1) Customers	(1) Addresses	Take Rate	(1) Customers	(1) Addresses	Take Rate	(1) Customers	(1) Addresses	Take Rate	(1) Customers	(1) Addresses	Take Rate
Bozeman, MT	379	3,188	12%												
Brigham City	3,055	6,775	45	2,945	6,677	44%	2,759	6,561	42%	2,423	6,244	39%	2,197	5,962	37%
Centerville	2,497	5,450	46	2,422	5,368	45	2,245	4,992	45	2,053	4,908	42	1,883	4,888	39
Clearfield	1,426	6,940	21	1,136	6,719	17	127	2,096	6	–	–	–	–	–	–
Idaho Falls	5,666	20,000	28	3,752	15,379	24	1,690	1,800	94	–	–	–	–	–	–
Layton	9,330	22,876	41	8,880	22,645	39	8,081	25,303	32	6,557	24,691 <sup>(3)</sup>	27	4,306	21,140	20
Lindon	2,043	3,799	54	1,984	3,706	54	1,903	3,602	53	1,773	3,498	51	1,630	3,391	48
Midvale (2)	1,633	9,708	17	1,460	9,473	15	1,230	8,016	15	1,001	7,828	13	913	6,219	15
Morgan	1,128	1,732	65	1,008	1,672	60	840	1,521	55	597	1,473	41	–	–	–
Murray (2)	4,402	16,671	26	4,080	16,407	25	3,724	13,583	27	3,320	11,489	29	3,010	11,287	27
Orem (2)	8,470	26,338	32	7,828	24,113	32	7,139	22,727	31	5,646	20,710	27	4,371	15,360	28
Payson (2)	2,498	6,773	37	2,223	6,435	35	1,889	6,096	31	1,391	5,794	24	1,113	3,196	35
Perry	923	1,816	51	862	1,779	48	807	1,818	44	703	1,803	39	584	1,775	33
Pleasant Grove	1,850	8,282	22	131	729	18	–	–	–	–	–	–	–	–	–
Santa Clara	39	1,817	2	–	–	–	–	–	–	–	–	–	–	–	–
Syracuse	857	7,799	11	–	–	–	–	–	–	–	–	–	–	–	–
Tremonton	1,495	3,706	40	1,397	3,452	40	1,226	3,176	39	1,064	3,005	35	904	2,864	32
WestPoint (2)	1,662	3,845	43	1,461	3,756	39	1,156	3,360	34	322	1,914	17	–	–	–
West Valley City (2)	5,292	33,803	16	4,793	33,424	14	4,136	27,987	15	3,243	20,706	16	2,524	17,018	15
Other	<u>1,565</u>	<u>1,817</u>	86	<u>1,304</u>	<u>1,544</u>	84	<u>1,077</u>	<u>1,328</u>	81	<u>900</u>	<u>1,171</u>	77	<u>782</u>	<u>1,114</u>	70
Total	<u>56,210</u>	<u>193,135</u>	29%	<u>47,666</u>	<u>163,278</u>	29%	<u>40,029</u>	<u>133,966</u>	30%	<u>30,993</u>	<u>115,234</u>	27%	<u>24,217</u>	<u>94,214</u>	26%
Cancellations	1,856			666			732			873			867		
Churn rate	4.30%			1.66%			2.36%			3.60%			4.44%		

Notes:

(1) “Customers” shows the amount of Utopia/UIA customers in each area; “Addresses” shows the total amount of available commercial and residential addresses in the city.

(2) “Take Rate” represents the percentage of available commercial and residential addresses in each city or area that have subscribed. Take Rate percentages will not total 100%.

(Source: UIA.)

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

## **CONTRACTING MEMBERS**

Set forth below is a brief description and demographic information for each Contracting Member, a five-year history of its Franchise Tax Revenues, and a description of any City Debt secured by the Franchise Tax Revenues. Outstanding City Debt information is as of September 1, 2023.

Pursuant to the Service Contract, each Contracting Member may create or incur additional debt on a parity with any outstanding debt secured by a priority lien pledge of such Contracting Member's Franchise Tax Revenues or on parity with the pledge created pursuant to the Service Contract so long as the pledged Franchise Tax Revenues received by such Contracting Member during the fiscal year immediately preceding the fiscal year in which the additional priority or parity City Debt is to be incurred is not less than 150% of the sum of (a) the Maximum Annual Debt Service (as defined below) of (i) the additional priority or parity City Debt proposed to be incurred and (ii) any City Debt secured by Franchise Tax Revenues previously issued and outstanding, plus (b) the total maximum annual amount of such Contracting Member's Franchise Tax Obligation under the Service Contract. For purposes of this test, "Maximum Annual Debt Service" means, with respect to any outstanding City Debt of the Contracting Member, the maximum annual principal and interest payable on such City Debt for any one fiscal year, less any moneys, other than Franchise Tax Revenues, that are legally pledged and applied to pay debt service on such City Debt in the fiscal year immediately preceding the fiscal year in which the additional priority or parity City Debt is to be incurred.

(The remainder of this page intentionally left blank.)

## West Valley City

General. West Valley City is the second most populous city in the State. It is located four miles from the Salt Lake City International Airport and is a commercial and industrial center for Salt Lake County and the metropolitan area. West Valley City was incorporated on July 1, 1980, and encompasses approximately 35 square miles.

### Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
West Valley City	108,896	129,480	140,230	8.30%
Salt Lake County	898,387	1,029,655	1,185,238	15.11
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

### Specified Owner-Occupied Units

<u>Value</u>	<u>West Valley City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	1,784	6.6%	7,236	2.7%	23,656	3.2%
\$50,000 to \$99,999	508	1.9	2,297	0.9	12,539	1.7
\$100,000 to \$149,999	962	3.6	6,192	2.3	27,567	3.8
\$150,000 to \$199,999	2,793	10.3	14,366	5.3	55,060	7.6
\$200,000 to \$299,999	10,897	40.3	59,733	22.2	176,591	24.2
\$300,000 to \$499,999	9,317	34.4	112,325	41.7	283,736	38.9
\$500,000 to \$999,999	654	2.4	58,947	21.9	129,726	17.8
\$1,000,000 or more	<u>153</u>	0.6	<u>8,091</u>	3.0	<u>20,199</u>	2.8
Total	<u>27,068</u>		<u>269,187</u>		<u>729,074</u>	
Median Value	\$272,100		\$367,300		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

### Median Household Income

<u>Income</u>	<u>West Valley City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	831	2.1%	14,039	3.5%	36,609	3.5%
\$10,000 to \$14,999	1,012	2.6	10,421	2.6	26,427	2.6
\$15,000 to \$24,999	1,982	5.1	19,619	4.9	54,035	5.2
\$25,000 to \$34,999	3,119	8.0	25,281	6.3	71,934	7.0
\$35,000 to \$49,999	4,148	10.7	40,961	10.3	111,491	10.8
\$50,000 to \$74,999	8,337	21.4	71,372	17.9	187,494	18.1
\$75,000 to \$99,999	6,782	17.4	59,176	14.8	156,374	15.1
\$100,000 to \$149,999	8,408	21.6	80,807	20.2	210,060	20.3
\$150,000 to \$199,999	2,739	7.0	38,215	9.6	90,896	8.8
\$200,000 or more	<u>1,575</u>	4.0	<u>39,693</u>	9.9	<u>88,331</u>	8.5
Total households	<u>38,933</u>		<u>399,584</u>		<u>1,033,651</u>	
Median Income	\$75,137		\$82,206		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$10,709,306	29.2%
2022	8,291,949	8.5
2021	7,643,734	-3.1
2020	7,884,205	-2.8
2019	8,108,111	0.7
2018	8,053,310	-

<sup>(1)</sup> Preliminary; subject to change.  
(Source: West Valley City and the Municipal Advisor.)

Outstanding Franchise Tax Debt. West Valley City has entered into a pledge agreement (the “Pledge Agreement”) with its Redevelopment Agency (the “West Valley RDA”) in connection with the issuance by the West Valley RDA of its Tax Increment and Franchise Tax Revenue Refunding Bonds, Series 2020 (the “RDA 2020 Bonds”), which are outstanding in the aggregate principal amount of \$3,625,000. The RDA 2020 Bonds are payable from and secured by a pledge of tax increment revenues of the West Valley RDA. However, in the event that such tax increment revenues are not sufficient to pay debt service on the RDA 2020 Bonds, West Valley City will, pursuant to the Pledge Agreement, transfer to the West Valley RDA an amount of Franchise Tax Revenues that is sufficient to pay the debt service on the RDA 2020 Bonds. The final maturity date of the RDA 2020 Bonds is November 1, 2025. The lien on Franchise Tax Revenues created pursuant to the Pledge Agreement is senior to the lien of the Franchise Tax Obligation on such revenues.

West Valley City has also entered into a contribution agreement (the “Contribution Agreement”) with the West Valley RDA in connection with the issuance by the West Valley RDA of its Revenue Refunding Bonds, Series 2016 (the “RDA 2016 Bonds” and together with the RDA 2020 Bonds, the “West Valley RDA Bonds”), which are outstanding in the aggregate principal amount of \$8,135,000. The RDA 2016 Bonds are payable from and secured by a pledge of certain franchise tax revenues of West Valley City, made available under the Contribution Agreement, and certain revenues derived from investment income. The final maturity date of the RDA 2016 Bonds is November 1, 2036. The lien on Franchise Tax Revenues created pursuant to the Contribution Agreement is senior to the lien of the Franchise Tax Obligation on such revenues.

West Valley City has indicated to UIA that West Valley City does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.

Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u> <sup>(1)</sup>	<u>City Debt</u> <sup>(2)</sup>	<u>Franchise Tax Obligation</u>	<u>Total</u> <sup>(3)</sup>	<u>Coverage</u> <sup>(4)</sup>
2023	\$8,291,949	\$2,014,410	\$1,568,781	\$3,583,191	2.31x
2024	8,291,949	2,008,330	1,568,781	3,577,111	2.32
2025	8,291,949	2,009,055	1,568,781	3,577,836	2.32
2026	8,291,949	2,011,075	1,568,781	3,579,856	2.32
2027	8,291,949	771,525	1,568,781	2,340,306	3.54
2028	8,291,949	773,300	1,568,781	2,342,081	3.54
2029	8,291,949	771,700	1,568,781	2,340,481	3.54
2030	8,291,949	772,150	1,568,781	2,340,931	3.54
2031	8,291,949	774,750	1,568,781	2,343,531	3.54
2032	8,291,949	771,825	1,568,781	2,340,606	3.54
2033	8,291,949	770,250	1,568,781	2,339,031	3.55
2034	8,291,949	769,750	1,568,781	2,338,531	3.55
2035	8,291,949	769,750	1,568,781	2,338,531	3.55
2036	8,291,949	765,000	1,568,781	2,333,781	3.55
2037	8,291,949	763,625	1,568,781	2,332,406	3.56
2038 and after	8,291,949	–	1,568,781	1,568,781	5.29

(Source: West Valley City and the Municipal Advisor.)

(1) Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

(2) Consists of outstanding debt service on the West Valley RDA Bonds. These bonds are also secured by other revenues as discussed above; however, for purposes of this table coverage is shown using the solely the Franchise Tax Revenues.

(3) Sum of City Debt and Franchise Tax Obligation.

(4) Franchise Tax Revenues divided by Total.

**City of Orem**

General. The City of Orem was incorporated in 1919 and covers an area of approximately 18 square miles. It is located in Utah County, approximately 40 miles south of Salt Lake City and adjacent to Provo City.

Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
City of Orem	84,324	88,328	98,129	11.10%
Utah County	368,536	516,564	659,399	27.65
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

Specified Owner-Occupied Units

<u>Value</u>	<u>City of Orem</u>		<u>Utah County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	483	2.7%	2,661	2.2%	23,656	3.2%
\$50,000 to \$99,999	184	1.0	999	0.8	12,539	1.7
\$100,000 to \$149,999	275	1.5	1,604	1.3	27,567	3.8
\$150,000 to \$199,999	1,245	7.0	5,644	4.6	55,060	7.6
\$200,000 to \$299,999	5,224	29.2	27,277	22.2	176,591	24.2
\$300,000 to \$499,999	8,220	45.9	56,434	45.9	283,736	38.9
\$500,000 to \$999,999	2,065	11.5	25,137	20.4	129,726	17.8
\$1,000,000 or more	<u>217</u>	1.2	<u>3,189</u>	2.6	<u>20,199</u>	2.8
Total	17,913		<u>122,945</u>		<u>729,074</u>	
Median Value	\$329,000		\$367,200		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Median Household Income

<u>Income</u>	<u>City of Orem</u>		<u>Utah County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	977	3.3%	5,653	3.2	36,609	3.5%
\$10,000 to \$14,999	654	2.2	3,613	2.0	26,427	2.6
\$15,000 to \$24,999	1,959	6.6	8,824	4.9	54,035	5.2
\$25,000 to \$34,999	2,617	8.8	11,436	6.4	71,934	7.0
\$35,000 to \$49,999	3,635	12.3	18,474	10.3	111,491	10.8
\$50,000 to \$74,999	6,058	20.5	32,231	18.0	187,494	18.1
\$75,000 to \$99,999	4,186	14.1	28,189	15.7	156,374	15.1
\$100,000 to \$149,999	5,246	17.7	37,360	20.8	210,060	20.3
\$150,000 to \$199,999	2,007	6.8	17,100	9.5	90,896	8.8
\$200,000 or more	<u>2,254</u>	7.6	<u>16,507</u>	9.2	<u>88,331</u>	8.5
Total households:	<u>29,593</u>		<u>179,387</u>		<u>1,033,651</u>	
Median Income	\$70,412		\$82,893		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$8,042,404	11.6%
2022	7,207,161	2.8
2021	7,012,632	2.3
2020	6,857,075	1.0
2019	6,787,660	1.2
2018	6,709,878	—

<sup>(1)</sup> Preliminary; subject to change.

(Source: City of Orem and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. The City of Orem does not currently have any outstanding obligations secured by Franchise Tax Revenues. The City of Orem has indicated to UIA that it does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.

Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues<sup>(1)</sup></u>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total<sup>(2)</sup></u>	<u>Coverage<sup>(3)</sup></u>
2023 and after	\$7,207,161	-0-	\$1,223,786	\$1,223,786	5.89x

(Source: City of Orem and the Municipal Advisor.)

(1) Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

(2) Sum of City Debt and Franchise Tax Obligation.

(3) Franchise Tax Revenues divided by Total.

**Murray City**

General. Murray City is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. Murray City was incorporated in 1902.

Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Murray City	34,024	46,746	50,637	8.32%
Salt Lake County	898,387	1,029,655	1,185,238	15.11
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

Specified Owner-Occupied Units

<u>Value</u>	<u>Murray City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	362	2.8%	7,236	2.7%	23,656	3.2%
\$50,000 to \$99,999	207	1.6	2,297	0.9	12,539	1.7
\$100,000 to \$149,999	547	4.2	6,192	2.3	27,567	3.8
\$150,000 to \$199,999	1,061	8.2	14,366	5.3	55,060	7.6
\$200,000 to \$299,999	2,789	21.5	59,733	22.2	176,591	24.2
\$300,000 to \$499,999	5,675	43.7	112,325	41.7	283,736	38.9
\$500,000 to \$999,999	2,054	15.8	58,947	21.9	129,726	17.8
\$1,000,000 or more	<u>305</u>	2.3	<u>8,091</u>	3.0	<u>20,199</u>	2.8
Total	<u>13,000</u>		<u>269,187</u>		<u>729,074</u>	

Median Value	\$387,700	\$367,300	\$339,700
--------------	-----------	-----------	-----------

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)



Median Household Income

<u>Income</u>	<u>Murray City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	626	3.1%	14,039	3.5%	36,609	3.5%
\$10,000 to \$14,999	514	2.6	10,421	2.6	26,427	2.6
\$15,000 to \$24,999	1,168	5.9	19,619	4.9	54,035	5.2
\$25,000 to \$34,999	1,313	6.6	25,281	6.3	71,934	7.0
\$35,000 to \$49,999	2,720	13.7	40,961	10.3	111,491	10.8
\$50,000 to \$74,999	3,913	19.7	71,372	17.9	187,494	18.1
\$75,000 to \$99,999	2,734	13.7	59,176	14.8	156,374	15.1
\$100,000 to \$149,999	3,697	18.6	80,807	20.2	210,060	20.3
\$150,000 to \$199,999	1,774	8.9	38,215	9.6	90,896	8.8
\$200,000 or more	<u>1,425</u>	7.2	<u>39,693</u>	9.9	<u>88,331</u>	8.5
Total households	<u>19,884</u>		<u>399,584</u>		<u>1,033,651</u>	
Median Income		\$75,524		\$82,206		\$79,133

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$4,133,802	12.0%
2022	3,691,273	7.7
2021	3,428,349	0.9
2020	3,397,023	-1.0
2019	3,432,337	-3.5
2018	3,555,500	-

<sup>(1)</sup> Preliminary; subject to change.  
(Source: Murray City and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. Murray City does not currently have any outstanding obligations secured by Franchise Tax Revenues. Murray City has indicated to UIA that Murray City does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.

Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues<sup>(1)</sup></u>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total<sup>(2)</sup></u>	<u>Coverage<sup>(3)</sup></u>
2023 and after	\$3,691,273	-0-	\$690,241	\$690,241	5.35x

(Source: Murray City and the Municipal Advisor.)

<sup>(1)</sup> Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

<sup>(2)</sup> Sum of City Debt and Franchise Tax Obligation.

<sup>(3)</sup> Franchise Tax Revenues divided by Total.

## Midvale City

General. Midvale City was incorporated in 1909 and covers an area of approximately 6.5 square miles within Salt Lake County. Midvale City is located approximately 10 miles south of Salt Lake City on Interstate 15 in the middle of the Salt Lake Valley.

### Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Midvale City	27,029	27,964	36,028	28.84%
Salt Lake County	898,387	1,029,655	1,185,238	15.11
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

### Specified Owner-Occupied Units

<u>Value</u>	<u>Midvale City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	61	0.9%	7,236	2.7%	23,656	3.2%
\$50,000 to \$99,999	40	0.6	2,297	0.9	12,539	1.7
\$100,000 to \$149,999	91	1.4	6,192	2.3	27,567	3.8
\$150,000 to \$199,999	441	6.6	14,366	5.3	55,060	7.6
\$200,000 to \$299,999	2,676	40.0	59,733	22.2	176,591	24.2
\$300,000 to \$499,999	3,109	46.4	112,325	41.7	283,736	38.9
\$500,000 to \$999,999	257	3.8	58,947	21.9	129,726	17.8
\$1,000,000 or more	<u>20</u>	0.3	<u>8,091</u>	3.0	<u>20,199</u>	2.8
Total	<u>6,695</u>		<u>269,187</u>		<u>729,074</u>	
Median Value	\$301,600		\$367,300		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

### Median Household Income

<u>Income</u>	<u>Midvale City</u>		<u>Salt Lake County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	687	4.7%	14,039	3.5%	36,609	3.5%
\$10,000 to \$14,999	526	3.6	10,421	2.6	26,427	2.6
\$15,000 to \$24,999	964	6.6	19,619	4.9	54,035	5.2
\$25,000 to \$34,999	1,022	7.0	25,281	6.3	71,934	7.0
\$35,000 to \$49,999	2,134	14.6	40,961	10.3	111,491	10.8
\$50,000 to \$74,999	3,488	23.9	71,372	17.9	187,494	18.1
\$75,000 to \$99,999	2,075	14.2	59,176	14.8	156,374	15.1
\$100,000 to \$149,999	2,319	15.9	80,807	20.2	210,060	20.3
\$150,000 to \$199,999	869	6.0	38,215	9.6	90,896	8.8
\$200,000 or more	<u>511</u>	3.5	<u>39,693</u>	9.9	<u>88,331</u>	8.5
Total households:	<u>14,595</u>		<u>399,584</u>		<u>1,033,651</u>	
Median Income	\$65,897		\$82,206		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

## Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$2,270,932	11.5%
2022	2,037,118	8.4
2021	1,879,868	-9.8
2020	2,083,511	-1.5
2019	2,115,894	-4.4
2018	2,212,291	-

<sup>(1)</sup> Preliminary; subject to change.  
(Source: Midvale City and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. Midvale City does not currently have any outstanding obligations secured by Franchise Tax Revenues. Midvale City has indicated it does not have any current plans to incur any obligations secured by Franchise Tax Revenues within the next two years.

## Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues<sup>(1)</sup></u>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total<sup>(2)</sup></u>	<u>Coverage<sup>(3)</sup></u>
2023 and after	\$2,037,118	-0-	\$339,988	\$339,988	5.09x

(Source: Midvale City and the Municipal Advisor.)

- <sup>(1)</sup> Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2021.  
<sup>(2)</sup> Sum of City Debt and Franchise Tax Obligation.  
<sup>(3)</sup> Franchise Tax Revenues divided by Total.

## **Layton City**

General. Layton City was incorporated in 1920 and covers an area of approximately 22 square miles. Layton City is located in Davis County, approximately 25 miles north of Salt Lake City and approximately 15 miles south of Ogden City.

## Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Layton City	58,474	67,311	81,773	21.49%
Davis County	238,994	306,479	362,679	18.34
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

Specified Owner-Occupied Units

Value	<u>Layton City</u>		<u>Davis County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	1,019	5.5	2,900	3.4	23,656	3.2%
\$50,000 to \$99,999	311	1.7	883	1.0	12,539	1.7
\$100,000 to \$149,999	315	1.7	1,499	1.8	27,567	3.8
\$150,000 to \$199,999	1,262	6.8	4,826	5.7	55,060	7.6
\$200,000 to \$299,999	5,423	29.1	20,244	23.8	176,591	24.2
\$300,000 to \$499,999	7,892	42.3	39,129	45.9	283,736	38.9
\$500,000 to \$999,999	2,284	12.3	14,156	16.6	129,726	17.8
\$1,000,000 or more	<u>134</u>	0.7	<u>1,529</u>	1.8	<u>20,199</u>	2.8
Total	<u>18,640</u>		<u>85,166</u>		<u>729,074</u>	
Median Value	\$320,000		\$351,400		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Median Household Income

Income	<u>Layton City</u>		<u>Davis County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	611	2.4%	2,302	2.1%	36,609	3.5%
\$10,000 to \$14,999	474	1.8	2,008	1.8	26,427	2.6
\$15,000 to \$24,999	1,412	5.4	4,423	4.0	54,035	5.2
\$25,000 to \$34,999	1,133	4.4	5,485	5.0	71,934	7.0
\$35,000 to \$49,999	2,297	8.8	9,410	8.6	111,491	10.8
\$50,000 to \$74,999	4,995	19.2	18,384	16.7	187,494	18.1
\$75,000 to \$99,999	4,577	17.6	17,528	15.9	156,374	15.1
\$100,000 to \$149,999	5,326	20.5	26,989	24.6	210,060	20.3
\$150,000 to \$199,999	2,978	11.5	12,065	11.0	90,896	8.8
\$200,000 or more	<u>2,155</u>	8.3	<u>11,305</u>	10.3	<u>88,331</u>	8.5
Total households:	<u>25,958</u>		<u>109,899</u>		1,033,651	
Median Income	\$85,224		\$92,765		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$5,076,100	19.4%
2022	4,250,584	6.7
2021	3,982,992	5.9
2020	3,762,003	1.4
2019	3,710,152	-4.6
2018	3,890,891	-

<sup>(1)</sup> Preliminary; subject to change.

(Source: Layton City and the Municipal Advisor.)

Outstanding Franchise Tax Debt. Layton City accelerated the expansion of the UIA Network within its boundaries through the issuance of the Layton City Telecommunications and Franchise Tax Revenues Bonds, Series 2018 (referred to herein as the “Layton Bonds”) by UIA. The Layton Bonds are special limited obligations of UIA payable from revenues derived from amounts payable under the service contract entered into between UIA and Layton City. The Layton Bonds are secured by the Layton City Franchise Tax Revenues on a parity with Layton City’s

Franchise Tax Obligation. Layton City has indicated to UIA that Layton City does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.

#### Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues<sup>(1)</sup></u>	<u>Layton Bonds<sup>(2)</sup></u>	<u>Franchise Tax Obligation</u>	<u>Total<sup>(3)</sup></u>	<u>Coverage<sup>(4)</sup></u>
2023	\$4,250,584	\$1,454,519	\$937,272	\$2,391,791	1.78x
2024	4,250,584	1,563,694	937,272	2,500,966	1.70
2025	4,250,584	1,562,644	937,272	2,499,916	1.70
2026	4,250,584	1,562,744	937,272	2,500,016	1.70
2027	4,250,584	1,558,544	937,272	2,495,816	1.70
2028	4,250,584	1,559,669	937,272	2,496,941	1.70
2029	4,250,584	1,559,044	937,272	2,496,316	1.70
2030	4,250,584	1,556,669	937,272	2,493,941	1.70
2031	4,250,584	1,557,419	937,272	2,494,691	1.70
2032	4,250,584	1,556,169	937,272	2,493,441	1.70
2033	4,250,584	1,552,919	937,272	2,490,191	1.71
2034	4,250,584	1,552,544	937,272	2,489,816	1.71
2035	4,250,584	1,561,531	937,272	2,498,803	1.70
2036	4,250,584	1,560,372	937,272	2,497,644	1.70
2037	4,250,584	1,550,725	937,272	2,487,997	1.71
2038	4,250,584	1,551,850	937,272	2,489,122	1.71
2039	4,250,584	1,550,225	937,272	2,487,497	1.71
2040	4,250,584	1,545,850	937,272	2,483,122	1.71
2041	4,250,584	1,543,600	937,272	2,480,872	1.71
2042	4,250,584	1,543,225	937,272	2,480,497	1.71
2043	4,250,584	1,547,503	937,272	2,484,775	1.71
2044	4,250,584	1,546,994	937,272	2,484,266	1.71
2045	4,250,584	1,544,353	937,272	2,481,625	1.71
2046 and beyond	4,250,584	0	937,272	937,272	4.54

(Source: Layton City and the Municipal Advisor.)

(1) Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

(2) Represents fiscal year debt service on the Layton Bonds, which are special limited obligations of UIA payable from revenues derived from amounts payable under a separate service contract between UIA and Layton City. However, the Layton Bonds are also secured by the Layton City Franchise Tax Revenues on a parity with Layton City's Franchise Tax Obligation. The Layton Bonds have a final scheduled maturity of October 15, 2044. The City has no other Franchise Tax debt.

(3) Sum of Layton Bonds Debt Service and Franchise Tax Obligation.

(4) Franchise Tax Revenues divided by Total.

#### **Lindon City**

General. Lindon City was incorporated in 1924 and is located in northern Utah County, approximately 38 miles south of Salt Lake City. It is bordered by the cities of Orem, Pleasant Grove and American Fork, and has an area of approximately eight square miles.

## Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Lindon City	8,363	10,070	11,397	13.18%
Utah County	368,536	516,564	659,399	27.65
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

## Specified Owner-Occupied Units

<u>Value</u>	<u>Lindon City</u>		<u>Utah County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	24	1.0	2,661	2.2%	23,656	3.2%
\$50,000 to \$99,999	7	0.3	999	0.8	12,539	1.7
\$100,000 to \$149,999	0	0.0	1,604	1.3	27,567	3.8
\$150,000 to \$199,999	19	0.8	5,644	4.6	55,060	7.6
\$200,000 to \$299,999	204	8.6	27,277	22.2	176,591	24.2
\$300,000 to \$499,999	1,042	43.9	56,434	45.9	283,736	38.9
\$500,000 to \$999,999	887	37.4	25,137	20.4	129,726	17.8
\$1,000,000 or more	<u>189</u>	8.0	<u>3,189</u>	2.6	<u>20,199</u>	2.8
Total	<u>2,372</u>		<u>122,945</u>		<u>729,074</u>	
Median Value		\$478,800		\$367,200		\$339,700

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

## Median Household Income

<u>Income</u>	<u>Lindon City</u>		<u>Utah County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	19	0.6%	5,653	3.2	36,609	3.5%
\$10,000 to \$14,999	18	0.6	3,613	2.0	26,427	2.6
\$15,000 to \$24,999	113	3.8	8,824	4.9	54,035	5.2
\$25,000 to \$34,999	186	6.2	11,436	6.4	71,934	7.0
\$35,000 to \$49,999	209	7.0	18,474	10.3	111,491	10.8
\$50,000 to \$74,999	590	19.7	32,231	18.0	187,494	18.1
\$75,000 to \$99,999	357	11.9	28,189	15.7	156,374	15.1
\$100,000 to \$149,999	661	22.0	37,360	20.8	210,060	20.3
\$150,000 to \$199,999	425	14.2	17,100	9.5	90,896	8.8
\$200,000 or more	<u>422</u>	14.1	<u>16,507</u>	9.2	<u>88,331</u>	8.5
Total households:	<u>3,000</u>		<u>179,387</u>		<u>1,033,651</u>	
Median Income		\$100,351		\$82,893		\$79,133

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

## Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$1,866,683	16.6%
2022	1,601,330	7.4
2021	1,490,977	6.9
2020	1,394,692	2.8
2019	1,356,176	-3.0
2018	1,398,641	-

<sup>(1)</sup> Preliminary; subject to change.  
(Source: Lindon City and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. Lindon City does not currently have any outstanding obligations secured by Franchise Tax Revenues. Lindon City has indicated to UIA that Lindon City does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.

## Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues<sup>(1)</sup></u>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total<sup>(2)</sup></u>	<u>Coverage<sup>(3)</sup></u>
2023 and after	\$1,601,330	-0-	\$172,516	\$172,516	9.28x

(Source: Lindon City and the Municipal Advisor.)

<sup>(1)</sup> Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

<sup>(2)</sup> Sum of City Debt and Franchise Tax Obligation.

<sup>(3)</sup> Franchise Tax Revenues divided by Total.

## **Brigham City**

General. Brigham City was incorporated in 1867 and is located in Box Elder County, approximately 60 miles north of Salt Lake City. Brigham City encompasses approximately 23 square miles.

## Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Brigham City	17,411	17,899	19,650	9.78%
Box Elder County	42,745	49,975	57,666	15.39
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

Specified Owner-Occupied Units

<u>Value</u>	<u>Brigham City</u>		<u>Box Elder County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	82	2.0%	480	3.5%	23,656	3.2%
\$50,000 to \$99,999	19	0.5	324	2.4	12,539	1.7
\$100,000 to \$149,999	449	10.7	1,319	9.6	27,567	3.8
\$150,000 to \$199,999	1,053	25.1	2,264	16.4	55,060	7.6
\$200,000 to \$299,999	1,613	38.4	4,546	33.0	176,591	24.2
\$300,000 to \$499,999	852	20.3	3,809	27.7	283,736	38.9
\$500,000 to \$999,999	116	2.8	846	6.1	129,726	17.8
\$1,000,000 or more	<u>15</u>	0.4	<u>182</u>	1.3	<u>20,199</u>	2.8
Total	<u>4,199</u>		<u>13,770</u>		<u>729,074</u>	
Median Value	\$227,100		\$250,500		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Median Household Income

<u>Income</u>	<u>Brigham City</u>		<u>Box Elder County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	561	8.5%	946	5.2%	36,609	3.5%
\$10,000 to \$14,999	229	3.5	504	2.8	26,427	2.6
\$15,000 to \$24,999	490	7.5	874	4.8	54,035	5.2
\$25,000 to \$34,999	485	7.4	1,320	7.3	71,934	7.0
\$35,000 to \$49,999	987	15.0	2,416	13.3	111,491	10.8
\$50,000 to \$74,999	1,292	19.6	3,933	21.6	187,494	18.1
\$75,000 to \$99,999	940	14.3	2,792	15.3	156,374	15.1
\$100,000 to \$149,999	1,076	16.4	3,602	19.8	210,060	20.3
\$150,000 to \$199,999	340	5.2	1,084	6.0	90,896	8.8
\$200,000 or more	<u>176</u>	2.7	<u>723</u>	4.0	<u>88,331</u>	8.5
Total households:	<u>6,576</u>		<u>18,194</u>		1,033,651	
Median Income	\$66,615		\$67,486		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$1,883,000	37.8%
2022	1,366,146	6.2
2021	1,286,179	4.0
2020	1,237,269	-1.5
2019	1,256,742	-3.1
2018	1,297,465	-

<sup>(1)</sup> Preliminary; subject to change.

(Source: Brigham City and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. Brigham City does not currently have any outstanding obligations secured by Franchise Tax Revenues. Brigham City has indicated to UIA that Brigham City does not have any current plans to incur additional obligations payable from Franchise Tax Revenues within the next two years.



Franchise Tax Coverage Chart

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u> <sup>(1)</sup>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total</u> <sup>(2)</sup>	<u>Coverage</u> <sup>(3)</sup>
2023 and after	\$1,366,146	-0-	\$31,831	\$31,831	42.92x

(Source: Brigham City and the Municipal Advisor.)

(1) Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.

(2) Sum of City Debt and Franchise Tax Obligation.

(3) Franchise Tax Revenues divided by Total.

**Centerville City**

General. Centerville City was incorporated in 1915. It covers an area of approximately six square miles and is located in Davis County. Centerville City is approximately 12 miles north of Salt Lake City and 25 miles south of Ogden City.

Population Data

<u>Entity</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2010/2020 % Change</u>
Centerville City	14,585	15,335	16,884	10.10%
Davis County	238,994	306,479	362,679	18.34
The State	2,233,169	2,763,885	3,271,616	18.37

(Source: U.S. Census Bureau.)

Specified Owner-Occupied Units

<u>Value</u>	<u>Centerville City</u>		<u>Davis County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$50,000	116	2.4%	2,900	3.4%	23,656	3.2%
\$50,000 to \$99,999	67	1.4	883	1.0	12,539	1.7
\$100,000 to \$149,999	11	0.2	1,499	1.8	27,567	3.8
\$150,000 to \$199,999	205	4.2	4,826	5.7	55,060	7.6
\$200,000 to \$299,999	870	18.0	20,244	23.8	176,591	24.2
\$300,000 to \$499,999	2,523	52.1	39,129	45.9	283,736	38.9
\$500,000 to \$999,999	975	20.1	14,156	16.6	129,726	17.8
\$1,000,000 or more	<u>77</u>	1.6	<u>1,529</u>	1.8	<u>20,199</u>	2.8
Total	<u>4,844</u>		<u>85,166</u>		<u>729,074</u>	
Median Value	\$374,800		\$351,400		\$339,700	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Median Household Income

<u>Income</u>	<u>Centerville City</u>		<u>Davis County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000	74	1.3%	2,302	2.1%	36,609	3.5%
\$10,000 to \$14,999	130	2.3	2,008	1.8	26,427	2.6
\$15,000 to \$24,999	232	4.1	4,423	4.0	54,035	5.2
\$25,000 to \$34,999	268	4.7	5,485	5.0	71,934	7.0
\$35,000 to \$49,999	325	5.7	9,410	8.6	111,491	10.8
\$50,000 to \$74,999	857	15.1	18,384	16.7	187,494	18.1
\$75,000 to \$99,999	726	12.8	17,528	15.9	156,374	15.1
\$100,000 to \$149,999	1,643	28.9	26,989	24.6	210,060	20.3
\$150,000 to \$199,999	689	12.1	12,065	11.0	90,896	8.8
\$200,000 or more	<u>744</u>	13.1	<u>11,305</u>	10.3	<u>88,331</u>	8.5
Total households	<u>5,688</u>		<u>109,899</u>		<u>1,033,651</u>	
Median Income	\$107,808		\$92,765		\$79,133	

(Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.)

Franchise Tax Revenue

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u>	<u>% Change</u>
2023 <sup>(1)</sup>	\$1,021,981	19.2%
2022	857,132	4.6
2021	819,327	-0.2
2020	821,359	2.4
2019	802,491	-6.1
2018	854,772	-

<sup>(1)</sup> Preliminary; subject to change.  
(Source: Centerville City and the Municipal Advisor.)

No Outstanding Franchise Tax Debt. Centerville City does not currently have any outstanding obligations secured by Franchise Tax Revenues. Centerville City has indicated to UIA that it does not have any current plans to incur any obligations secured by Franchise Tax Revenues within the next two years.

Franchise Tax Coverage Table

<u>Fiscal Year</u>	<u>Franchise Tax Revenues</u> <sup>(1)</sup>	<u>City Debt</u>	<u>Franchise Tax Obligation</u>	<u>Total</u> <sup>(2)</sup>	<u>Coverage</u> <sup>(3)</sup>
2023 and after	\$857,132	-0-	\$186,737	\$186,737	4.59x

(Source: Centerville City and the Municipal Advisor.)  
<sup>(1)</sup> Based on Franchise Tax Revenues received for the fiscal year ended June 30, 2022.  
<sup>(2)</sup> Sum of City Debt and Franchise Tax Obligation.  
<sup>(3)</sup> Franchise Tax Revenues divided by Total.

**BONDHOLDERS' RISKS**

*The purchase of the Series 2023 Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the Series 2023 Bonds should make a decision to purchase any of the Series 2023 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 2023 Bonds are payable solely from and secured by a pledge and assignment of the Net Revenues and certain other funds pledged under the Indenture. A variety of factors could impact the amount and the sources of Net Revenues and such other funds pledged. Among other things, economic conditions, the demand for communication services within the boundaries of the Contracting Members, competition from other telecommunications providers, technological advances, demographic changes, changes in governmental regulations and policies may adversely affect the financial condition of UIA, and consequently, the availability of Net Revenues. Since inception, UIA has been able to operate without requesting or requiring loans pursuant to the Franchise Tax Obligation provisions of the Interlocal Agreement to cover operation and maintenance expenses of UIA and debt service on outstanding bonds. UIA believes that the UIA Network will continue to operate in a manner that will allow it to pay Operation and Maintenance Expenses and to pay debt service on the Series 2023 Bonds and Outstanding Parity Bonds from Net Revenues. Further, UIA does not expect any further working capital assessments will be required to pay operational expenses of the UTOPIA Network. However, no assurance can be given that the Net Revenues will be sufficient to pay debt service on the Series 2023 Bonds and Outstanding Parity Bonds when due.

*Revenues from Fees.* Certain Revenues (other than Franchise Tax Revenues) are generated from fees that Contracting Members, service providers or UIA charge to Customers. Unlike other municipal enterprises, such as water and sewer systems or electric systems, residents within the Contracting Members 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 and sustained at levels that would discourage participation by existing and potential Customers. Additionally, although Contracting Members 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.

*Franchise Tax Revenues.* The Franchise Tax Revenues for each Contracting Member are generated from receipts of Municipal Energy Sales and Use Taxes. The global, national and state economy, weather conditions, inflation, global conflicts, and many other factors can affect the level of receipts of such Revenues. Additionally, UIA and the Contracting Members cannot predict whether the State Legislature will modify franchise tax rates or distributions or take other actions that affect the ability of a Contracting Member to generate Municipal Energy Sales and Use Taxes. No assurance can be given that the Municipal Energy Sales and Use Taxes will remain sufficient to meet the Franchise Tax Obligation of each Contracting Member.

Under certain circumstances, the Franchise Tax Obligation of a Contracting Member is permitted to be payable on a subordinate basis to a pledge of Franchise Tax Revenues for the payment of its City Debt. If a Contracting Member has City Debt outstanding and payable on a senior basis with respect to the Franchise Tax Revenues, all such Franchise Tax Revenues will be first applied to pay debt service on such City Debt prior to meeting its Franchise Tax Obligation. See “CONTRACTING MEMBERS” herein.

The annual Franchise Tax Obligation of each Contracting Member is limited as set forth in the Service Contract. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Franchise Tax Obligation of Contracting Members” herein. Further, each Franchise Tax Obligation is not a joint and several obligation of the Contracting Members, and no Contracting Member is obligated to satisfy the Franchise Tax Obligation of any other Contracting Member.

## **Expansion and Operation of the UIA Network**

Expansion of the UIA Network is important to generating and maintaining Revenues at levels that will allow UIA to make timely payment of debt service on the Bonds. Expansion requires construction and construction involves many risks common to 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 expansion of the UIA Network will occur in a timely manner or that UIA will be able to secure available funds to pursue such expansion.

UIA and UTOPIA, as UIA'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 UIA. UIA 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, UIA 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 UIA believes that the UIA Network currently offers competitive pricing and certain distinct technological advantages, such as bidirectional speed offerings, 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 UIA 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/UIA Networks noncompetitive.

### **Destruction of the Network**

UIA, like many entities and municipalities in the State, may be subject to unpredictable seismic activity, fires, flood or other natural disasters. Climate change may intensify and increase the frequency of extreme weather events, such as wildfires and floods which could affect the UIA Network. The loss of life and property damage that could result from such extreme weather events or a major natural disaster could have a material and adverse impact on the UIA Network and the local community and economy.

The Indenture requires that UIA, in its operation of the UIA 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 UIA.

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. UIA also notes certain risks to UIA Network and the UTOPIA Network are reduced due to the longstanding policies of UIA and UTOPIA to create network redundancy where possible and to place fiber optic lines in deep trenches when possible. UIA estimates that approximately 85% of the UIA and UTOPIA Networks are underground. However, any damage to or destruction of any portion of the UIA Network or the UTOPIA Network may prevent UIA from providing telecommunications services to some or all of its service providers. In such event, the revenues of UIA may decrease.

## **Reliance on UTOPIA**

UIA entered into the UTOPIA Service Agreement and the IRU Agreement to advance UIA'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 UIA 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 June 30, 2023, UTOPIA's Sales Tax and Telecommunications Revenue Refunding Bonds, Series 2022 (the "UTOPIA Series 2022 Bonds"), were outstanding in the aggregate principal amount of \$202,645,000. The UTOPIA Series 2022 Bonds are not secured by the Net Revenues but are secured by a separate and different revenue stream.

UTOPIA also has notes payable to its member cities in the outstanding amount of \$181,891,000, reflecting member city contributions to pay the UTOPIA Bonds. The notes are payable on a subordinate basis to the UTOPIA Bonds.

UIA 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 UIA 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 Contracting Members 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 2023 Bonds and Outstanding Parity 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. 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. UIA employs a cybersecurity program that consists of policies, procedures, and technical controls to protect its network. To date, UIA has not experienced a successful cyberattack. UIA 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. UIA has insurance coverage for cyber liability.

## **Future Changes in Laws**

Various state and federal laws, regulations and constitutional provisions apply to UIA, UTOPIA, each respective network, the Members and the Series 2023 Bonds. Future actions of State or federal legislatures may affect the overall financial conditions of UIA or its ability to continue to collect revenues for its ongoing operations. UIA 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 UIA, 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 2023 Bondholders upon an Event of Default under the Indenture are limited. See “APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE—Remedies.” Under the Indenture, there is no contractual remedy of acceleration. Further, the legal right and ability of a Series 2023 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 2023 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 2023 Bonds have received a rating from Fitch Ratings. Such rating can be changed or withdrawn at any time for reasons both under and outside UIA’s control. Any change or withdrawal of any rating on the Series 2023 Bonds could adversely affect the ability of investors to sell the Series 2023 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 2023 Bonds or, if a secondary market exists, that such Series 2023 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 2023 Bonds at the request of the owners thereof.

Prices of the Series 2023 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 2023 Bonds. Such market value could be substantially different from the original purchase price.

### **Continuing Disclosure**

A failure by UIA to comply with its Continuing Disclosure Undertaking with respect to the Series 2023 Bonds (see “CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Series 2023 Bonds. Any failure of UIA’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 2023 Bonds and their market price.

### **Suitability of Investment**

The interest rate borne by the Series 2023 Bonds is intended to compensate the investor for assuming the risk of investing in the Series 2023 Bonds. Furthermore, the tax-exempt feature of the Series 2023 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 2023 Bonds are an appropriate investment for such investor.

### **Factors Relating to Tax Exemption**

As discussed under “TAX MATTERS” herein, interest on the Series 2023 Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Series 2023 Bonds were issued, as

a result of future acts or omissions of UIA in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series 2023 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 2023 Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Series 2023 Bonds. Finally, reduction or elimination of the tax-exempt status of obligations such as the Series 2023 Bonds could have an adverse effect on UIA'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 UIA.

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 UIA as a taxpayer and the Series 2023 Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of UIA could adversely affect the market value and liquidity of the Series 2023 Bonds, regardless of the ultimate outcome.

### **Infectious Disease Outbreak**

The financial and operating condition of UIA, including the UIA's ability to collect Revenues, may be materially affected by a national or localized outbreak of an infectious disease, such as COVID-19, or other highly contagious or epidemic diseases (an "Outbreak"). Regardless of any policies or actions of UIA or the existence of governmental aid programs, there can be no assurances that an Outbreak, including COVID-19, will not materially affect the regional economy or the national or global economies and, accordingly, materially adversely affect the financial or operating condition of UIA, including the UIA's collection of Revenues. UIA cannot predict (i) the duration or extent of any Outbreak; (ii) the scope, duration or effect on UIA of government restrictions, if any, related to commercial or other activity by businesses and individuals; (iii) whether and to what extent any Outbreak may disrupt the local or global economy or financial markets, or whether any such disruption may adversely affect UIA's activities; or (iv) whether any of the foregoing may have a material adverse effect on the finances and operations of UIA, including, without limitation, the ability to collect Revenues and meet its debt service obligations.

### **Continuing Inflation**

UIA's service area, like the rest of the country, has recently experienced significant increases in costs of gas, energy, and supplies, in addition to associated wage and salary pressures. Some cost increases are being driven by COVID-related supply chain disruptions, whereas others appear unrelated to the pandemic. Due to the varying contributors to the current inflationary environment, it is not possible to state with certainty the period of time over which the recent price increases will continue. Some inflationary costs impacting operations (e.g. wages and salaries, operating supplies, etc.) may be recovered via rate actions approved by the UIA's Board. While management and the UIA Board are sensitive to billing increases to customers, the risk associated with inflationary pressures is mitigated by the UIA Board's unlimited rate setting authority. The inability of UIA to increase fees and charges to keep pace with inflation could adversely affect the financial condition and results of operations of the Network. UIA also relies on highly skilled employees in many areas and if it does not offer or keep pace with prevailing market wages and salaries, it may have difficulty recruiting talent and face significant pressures in operating the Network effectively. UIA cannot predict the extent of inflationary pressures on its wages and salaries or other operating costs, including energy costs.

## **CONTINUING DISCLOSURE**

UIA will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2023 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 UIA, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Series 2023 Bonds. At present, such dissemination is made through the MSRB's Electronic Municipal Market Access system, referred to as EMMA ("EMMA"). UIA is required

to deliver such information within 210 days after the last day of UIA’s fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2022. 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 THE CONTINUING DISCLOSURE UNDERTAKING.”

During the past five years, although UIA 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 its 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. UIA has since filed the missing information on EMMA, together with a notice of failure to file. Due to staffing shortages, UIA failed to timely file its audited financial statements and certain annual financial and operating information with respect to the fiscal year ended June 30, 2021, as required by all prior UIA undertakings. UIA timely filed a notice of failure to file on EMMA and has since filed the required information. UIA contracts with a third-party disclosure agent to assist UIA in ensuring compliance with its continuing disclosure undertakings.

## LEGAL MATTERS

### Absence of Litigation

Jeffrey Starkey, general counsel to UIA, 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 UIA; (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 2023 Bonds; (d) directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2023 Bonds are issued; (e) contesting the validity of the Series 2023 Bonds or the issuance thereof; or (f) which if determined adversely to UIA would have a materially adverse effect on the financial condition of UIA or its ability to meet the debt service requirements on the Series 2023 Bonds.

### General

All legal matters incident to the authorization and issuance of the Series 2023 Bonds are subject to the approval of Gilmore & Bell, P.C., Salt Lake City, Utah, Bond Counsel to UIA. Certain legal matters will be passed upon for UIA by its general counsel, Jeffrey Starkey. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to UIA. Certain legal matters will be passed upon for the Underwriter by its counsel, Chapman and Cutler LLP. LRB Public Finance Advisors, Inc., Salt Lake City, Utah, has acted as municipal advisor to UIA in connection with the issuance of the Series 2023 Bonds. The approving opinion of Bond Counsel will be delivered with the Series 2023 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 2023 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 2023 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 2023 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 2023 Bonds.



## Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to UIA, under the law existing as of the issue date of the Series 2023 Bonds:

Federal Tax Exemption. The interest on the Series 2023 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. Interest on the Series 2023 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

State of Utah Tax Exemption. The interest on the Series 2023 Bonds is exempt from State of Utah individual income taxes.

No Bank Qualification. The Series 2023 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Series 2023 Bonds, subject to the condition that the Issuer 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 2023 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 such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2023 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2023 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 2023 Bond over its issue price. The stated redemption price at maturity of a Series 2023 Bond is the sum of all payments on the Series 2023 Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2023 Bond is generally the first price at which a substantial amount of the Series 2023 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 2023 Bond during any accrual period generally equals (1) the issue price of that Series 2023 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2023 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 2023 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 2023 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 2023 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2023 Bond is the sum of all payments on the Series 2023 Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2023 Bond is generally the first price at which a substantial amount of the Series 2023 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 2023 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2023 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 2023 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 Series 2023 Bonds.*** Upon the sale, exchange, or retirement (including redemption) of a Series 2023 Bond, an owner of the Series 2023 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 actually or constructively received on the sale, exchange, or retirement of the Series 2023 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2023 Bond. To the extent a Series 2023 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 2023 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 2023 Bonds, and to the proceeds paid on the sale of the Series 2023 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 2023 Bonds should be aware that ownership of the Series 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, 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 2023 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2023 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 2023 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that for tax years beginning after December 31, 2022, the interest on the Series 2023 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

## **BOND RATING**

Fitch Ratings, Inc. ("Fitch") has assigned a rating of "BBB-" to the Series 2023 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 ratings will continue for any given period of time or that such ratings 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 ratings may have an adverse effect on the market price of the Series 2023 Bonds. Neither UIA nor the Underwriter have undertaken any responsibility either to bring to the attention of the registered owners or the Beneficial Owners of the Series 2023 Bonds any proposed change in or withdrawal of the rating or to oppose any such change or withdrawal.

UIA furnished such rating agency with certain information and materials relating to the Series 2023 Bonds that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies.

## FINANCIAL STATEMENTS

A copy of UIA’s audited basic financial statements for fiscal year ended June 30, 2022 is appended hereto as “APPENDIX A—AUDITED FINANCIAL STATEMENTS OF UTAH INFRASTRUCTURE AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2022.” Such financial statements have been audited by Keddington & Christensen, LLC, Salt Lake City, Utah (“Keddington & Christensen”), as stated in its report included therein. 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

LRB Public Finance Advisors, Inc., Salt Lake City, Utah (the “Municipal Advisor”), has been employed as an independent municipal advisor to UIA in connection with the issuance of the Series 2023 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 2023 Bonds as to their completeness or accuracy. The Municipal Advisor’s fee for services rendered with respect to the Series 2023 Bonds is contingent upon the delivery of such Series 2023 Bonds. LRB Public Finance Advisors, Inc. also serves as municipal advisor to UTOPIA.

## UNDERWRITING

The Series 2023 Bonds are being purchased by the Underwriter pursuant to a Bond Purchase Contract between UIA and the Underwriter (the “Purchase Contract”). The Purchase Contract provides that the Underwriter will purchase all of the Series 2023 Bonds, if any are purchased, at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Series 2023 Bonds less [net] original issue discount of \$\_\_\_\_\_ and less Underwriter’s discount of \$\_\_\_\_\_).

The Purchase Contract pursuant to which the Series 2023 Bonds are being sold provides that the Underwriter will purchase not less than all of the Series 2023 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 2023 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 2023 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 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 said 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 UIA and the purchasers or holders of any of the Series 2023 Bonds. The information contained in this Official Statement is presented for the guidance of prospective

purchasers of the Series 2023 Bonds described therein. The information has been compiled from official sources and, while not guaranteed by UIA, is believed to be correct.

This Preliminary Official Statement is in a form “deemed final” by the UIA for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

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 UIA.

**UTAH INFRASTRUCTURE AGENCY**

**APPENDIX A**  
**AUDITED FINANCIAL STATEMENTS OF UTAH INFRASTRUCTURE AGENCY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**UTAH INFRASTRUCTURE AGENCY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**Together with Independent Auditor's Report**

**UTAH INFRASTRUCTURE AGENCY  
TABLE OF CONTENTS**

Independent Auditor’s Report ..... 1

Management Discussion and Analysis ..... 3

Financial Statements:

    Statement of Net Position ..... 9

    Statement of Revenues, Expenses, and Changes in Fund Net Position ..... 11

    Statement of Cash Flows ..... 12

Notes to Financial Statements..... 14





CERTIFIED PUBLIC  
ACCOUNTANTS

Gary K. Keddington, 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 Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the proprietary fund of Utah Infrastructure Agency (UIA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise UIA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund of UIA, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UIA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UIA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UIA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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 8 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 30, 2022 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.

**KYC, CPA<sub>1</sub>**

Salt Lake City, Utah  
December 30, 2022

## **UTAH INFRASTRUCTURE AGENCY MANAGEMENT DISCUSSION AND ANALYSIS**

### **Introduction**

As management of Utah Infrastructure Agency (UIA), we offer readers of UIA's financial statements this discussion and analysis of the financial activities of UIA for the fiscal year ended June 30, 2022. This narrative focuses on significant financial issues, provides an overview of the Agency's financial activity, highlights significant changes in financial position, and provides insight into future growth and development. We encourage readers to consider the information presented here in conjunction with additional information provided throughout this report.

### **Description of Business**

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). 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 a fiber optic network providing high-speed broadband voice, video, and data access. The 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 and 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. UIA itself does not provide retail services, it provides the infrastructure necessary for services to be delivered, much like an airport provides infrastructure for private airline carriers to deliver flight services to its customers.

The UIA network is connected to the Utah Telecommunication Open Infrastructure Agency (UTOPIA) fiber optic network pursuant to an Indefeasible Right of Use Agreement (IRU) between UIA and UTOPIA. The IRU grants UIA access to certain facilities of and capacity in the UTOPIA network. UTOPIA was created in 2002 by eleven pledging member cities to provide crucial infrastructure in the form of high-speed broadband access to its member cities. UTOPIA provides use of its fiber optic network and support and management services for UIA. 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 and since 2019, to other partnering municipalities. Residents and businesses located in areas where the network is completed have access to the fastest internet in the country.

Thirty-one service providers were actively providing services and a total of 47,666 homes and businesses were subscribing to services at year end on the combined UTOPIA/UIA network. This represents 31% of addresses passed by the network. UIA substantially completed the buildout of the eleven pledging UTOPIA member cities by June 2022. UIA has also completed the buildout of the network in four partner cities. As these cities continue to grow, UIA will extend the network into new developments to provide access to all addresses within each city. Future growth of the network outside of the UTOPIA cities is demand-based, bringing the network to areas that will bring the best return on investment, and/or to cities willing to pledge financial support towards the success of the network. UIA has been successful in accomplishing UTOPIA's original mission: to build and maintain a fiber network to service all of the businesses and residents in UTOPIA's member cities. UIA has broadened its mission to provide the same valuable service to communities outside of the eleven founding UTOPIA cities when requested and supported by those City Councils.

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

As of the end of June 2022, more than 4,900 miles of fiber cable have been placed within the boundaries of participating cities. Within footprints serviced by just over 185 hut sites, there are approximately 165,000 addresses which could immediately subscribe for services on the UTOPIA/UIA network.

**Highlights**

Financial highlights include:

- UIA’s average monthly recurring operating revenues (from service provider access fees and end-user connection fees) increased by \$470,000, or 13.6% from the prior year.
- The number of subscribers to the combined UTOPIA/UIA network grew from 40,029 to 47,666, a 19% increase.
- As of June 30, 2022, UIA has issued revenue bonds for seven non-UIA partner Utah cities willing to pledge franchise and/or sales tax revenues as a payment backstop for the bonds.
  - Morgan City was the first, with bonds issued in April of 2019. Access to the network is available to 1,672 residential and business addresses in Morgan, and as of June 30, 2022, 60% of those addresses were connected to the network and subscribing for services. UIA commonly refers to this as the “take rate.”
  - In September of 2019 West Point City became the second partner city. The network was substantially built in West Point by December of 2020 and has a 39% take rate as of June 30, 2022 (1,461 subscribers of 3,756 addresses available).
  - UIA issued bonds for the City of Clearfield project (approximately 6,700 addresses) in August of 2020. Construction was substantially completed in the fall of 2021 and has a 17% take rate as of June 30, 2022 (1,136 subscribers of 6,719 available).
  - UIA issued bonds for the City of Pleasant Grove project (approximately 10,000 addresses) in June of 2021. Construction is underway, with an estimated completion date in the fall of 2022.
  - UIA issued bonds for the City of Syracuse project (approximately 12,000 addresses) in September of 2021. Construction is underway, with an estimated completion date in the spring of 2023.
  - UIA issued bonds for the City of Santa Clara project (approximately 3,000 addresses) in April of 2022. The project has an estimated completion date in the summer of 2023.
  - UIA issued bonds for the City of Cedar Hills project (approximately 3,000 addresses) in April of 2022. The project has an estimated completion date in the summer of 2023.

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

- UIA added \$55.0M of additions and improvements to its active fiberoptic network in fiscal year 2022.
- UIA currently has \$29.2M of additions and improvements in progress.
- As of June 30, 2022, Cash reserves are adequate to cover 2.5 years of operating expenses less depreciation.

**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.

Current and Other Assets increased by \$6.6M. This change is primarily due to an increase in unrestricted current assets of \$7.7M. Capital Assets net of depreciation increased by \$56.9M. Current and Other Liabilities increased by \$4.8M primarily due to increased accounts payable. Long-term Liabilities increased by \$58.3M due to the issuance of four bonds; Syracuse, Santa Clara, Cedar Hills, and UIA general. Net Position improved by \$0.2M.

Operating revenues of \$28.1M exceeded budget by \$2.3M and increased from FY 2021 by \$5.6M or 25.1%. Total revenues increased by \$4.5M, or 18.7%. Operating expenditures (expenses excluding interest and depreciation of \$7,598,083) exceeded budget by \$371,022 or 4.6%. Net position improved by \$201,591.

Depreciation expense increased by \$841,000 or 12.4%. Bond interest and fees increased by 19.0%, related to the increase in Long-term liabilities.

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

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

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 108,914,744	\$ 102,286,198
Capital assets	<u>243,825,476</u>	<u>186,890,372</u>
Total Assets	<u>352,740,220</u>	<u>289,176,570</u>
Deferred outflows of resources	<u>4,232,437</u>	<u>4,463,297</u>
Total Assets and deferred outflows of resources	<u>356,972,657</u>	<u>293,639,867</u>
Current and other liabilities	21,179,086	16,428,153
Long-term liabilities outstanding	<u>335,995,162</u>	<u>277,655,770</u>
Total Liabilities	<u>357,174,248</u>	<u>294,083,923</u>
Net investment in capital assets	(26,153,808)	(24,374,358)
Restricted	12,074,630	8,262,082
Unrestricted	<u>13,877,586</u>	<u>15,668,220</u>
Total Net Position	<u>\$ (201,591)</u>	<u>\$ (444,056)</u>

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

	<u>2022</u>	<u>2021</u>
Revenues:		
Operating revenues	\$ 28,090,334	\$ 22,447,670
Interest income	429,441	457,006
Other revenues	<u>-</u>	<u>1,122,680</u>
Total Revenues	<u>28,519,775</u>	<u>24,027,356</u>
Expenditures:		
Marketing	1,295,195	876,739
Professional services	35,311	240,797
Network operations	7,186,316	5,668,284
Depreciation	7,598,083	6,757,075
Bond interest and fees	11,827,122	9,938,605
Payments to member cities	<u>335,283</u>	<u>-</u>
Total Expenditures	<u>28,277,310</u>	<u>23,481,500</u>
Change in net position	242,465	545,856
Total net position, beginning of year	<u>(444,056)</u>	<u>(989,912)</u>
Total net position, end of year	<u>\$ (201,591)</u>	<u>\$ (444,056)</u>

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

**Capital Assets and Debt Administration**

UIA’s capital assets, net of depreciation, totaled \$243.8 M. Types of assets include outside plant (fiber and conduit), inside plant (electronics), customer premise equipment, construction in progress and a capitalized lease (IRU). \$55.0M was added to the active network in FY 2022. Depreciation for FY 2022 was \$7.6M.

As of June 30, 2022, UIA’s outstanding debt amounted to \$341.5M. UIA issued revenue bonds totaling \$65.1M (including premium) and repaid or amortized \$4.4M. Notes payable from direct borrowings decreased by a net \$1.4M. The balance of Notes Payable to Pledging Members (included in Notes Payable from direct borrowings) decreased by a net \$1.4M, eliminating the remaining balance payable.

Table 3 - Summary of UIA’s Capital Assets at June 30, 2022:

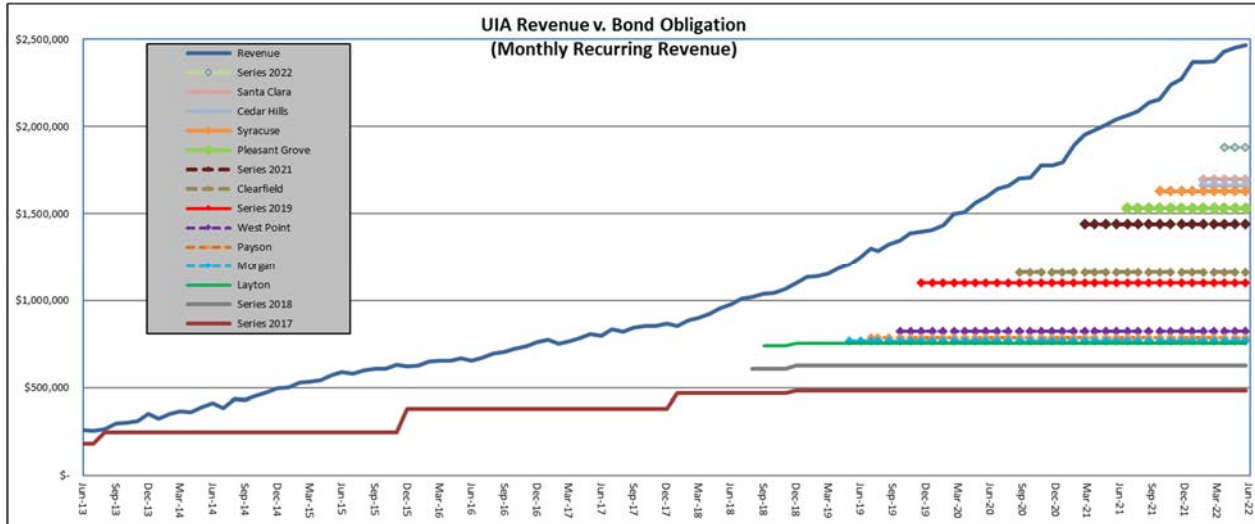
	<u>2022</u>	<u>2021</u>
Construction in progress	\$ 29,228,960	\$ 19,662,901
Land	959,272	959,272
Building	3,636,258	3,808,048
Furniture and equipment	52,207	104,194
Outside plant	148,581,983	108,299,225
Inside plant	9,662,655	7,547,795
Customer premise equipment	40,780,143	35,210,845
Intangible right	10,923,998	11,298,092
	<u>243,825,476</u>	<u>\$ 186,890,372</u>

Table 4 - Summary of UIA’s Debt at June 30, 2022:

	<u>2022</u>	<u>2021</u>
Revenue bonds payable	\$ 341,530,162	\$ 282,075,770
Notes payable from direct borrowings	-	1,388,270
	<u>\$ 341,530,162</u>	<u>\$ 283,464,040</u>

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

UIA’s monthly recurring operating revenue exceeded monthly debt service obligations by \$1.4M in June 2022. The following illustration shows revenue growth since 2013 in comparison to debt service:



### **Subsequent events, FY 2022 budget, and future plans**

UIA issued bonds for extending its network into West Haven, Utah in December of 2022. Proceeds from debt totaled \$19.5M. The project is underway, and when completed in the fall of 2024, the UIA network will be available to an additional 6,600 addresses.

Discussions with other Utah cities are active, and additional partnerships in FY 2023 are expected.

The FY 2023 budget adopted in June of 2022 anticipated operating revenue of \$33.5M. This is \$5.4M above actual operating revenue for FY 2022, and the Agency is on track to meet budgeted revenue. Budgeted operating expenditures for FY 2023 total \$10.3M. This amount is \$1.8M higher than actual operating expenditures for FY 2022. The largest component of operating expenditures is payment to UTOPIA for management services and connections to the UTOPIA network and is directly related to subscriber growth. The FY 2023 UIA budget also includes a non-operating distribution to Cities in the amount of \$4,000,000.

### **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, 2022**

**Assets**

**Current Assets:**

Cash	\$ 21,481,350
Trade receivables, net	3,144,513
Investments	3,082,354
Inventory	10,935,693
Notes receivable	172,674
Restricted cash equivalents	<u>48,406,939</u>
<b>Total Current Assets</b>	<b><u>87,223,523</u></b>

**Noncurrent assets:**

Restricted cash equivalents	20,104,600
Notes receivable	1,586,621
Capital Assets:	
Construction in progress	29,228,960
Land	959,272
Assets, net of accumulated depreciation:	
Building	3,636,258
Furniture and equipment	52,207
Fiber optic network	<u>209,948,779</u>
<b>Total Noncurrent Assets</b>	<b><u>265,516,697</u></b>

<b>Total Assets</b>	<b><u>352,740,220</u></b>
---------------------	---------------------------

**Deferred Outflows of Resources**

Deferred charge on refunding	<u>4,232,437</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 356,972,657</u></b>

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

**UTAH INFRASTRUCTURE AGENCY**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2022**

**Liabilities**

**Current Liabilities:**

Accounts payable	\$ 12,811,592
Interest payable from restricted assets	2,705,511
Revenue bonds payable	5,535,000
Unearned revenue	<u>126,983</u>

<b>Total Current Liabilities</b>	<u>21,179,086</u>
----------------------------------	-------------------

**Noncurrent Liabilities:**

Revenue bonds payable	<u>335,995,162</u>
-----------------------	--------------------

<b>Total Noncurrent Liabilities</b>	<u>335,995,162</u>
-------------------------------------	--------------------

<b>Total Liabilities</b>	<u>357,174,248</u>
--------------------------	--------------------

**Net Position**

Net Investment in capital assets	(26,153,808)
Restricted for:	
Debt service	12,074,630
Unrestricted	<u>13,877,586</u>

<b>Total Net Position</b>	<u>(201,591)</u>
---------------------------	------------------

<b>Total Liabilities and Net Position</b>	<u><u>\$ 356,972,657</u></u>
---	------------------------------

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, 2022**

<b>Operating Revenues:</b>	
Access fees	\$ 18,802,020
Installations	225,065
Connection fees	8,910,974
Miscellaneous operating revenue	<u>152,275</u>
<b>Total Operating Revenues</b>	<u>28,090,334</u>
<b>Operating Expenses:</b>	
Marketing	1,295,195
Professional services	35,311
Network Operations	7,186,316
Depreciation	<u>7,598,083</u>
<b>Total Operating Expenses</b>	<u>16,114,905</u>
<b>Operating Income</b>	<u>11,975,429</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest income	429,441
Bond interest and fees	(11,827,122)
Payments to member cities	<u>(335,283)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(11,732,964)</u>
<b>Change In Net Position</b>	242,465
<b>Total Net Position, Beginning of Year</b>	<u>(444,056)</u>
<b>Total Net Position, End of Year</b>	<u><u>\$ (201,591)</u></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, 2022**

<b>Cash Flows From Operating Activities:</b>	
Cash received from customers and users	\$ 26,909,588
Payments to suppliers	<u>(20,552,766)</u>
<b>Net cash provided by operating activities</b>	<u>6,356,821</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	(53,055,875)
Proceeds from installations	202,294
Bond interest and fees	(12,651,676)
Proceeds from issuance of new bonds	65,104,631
Principal paid on bonds	<u>(4,420,000)</u>
<b>Net cash provided by capital and related financing activities</b>	<u>(4,820,625)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>	
Payments to member cities	(335,283)
Payment of note payable	<u>(1,388,270)</u>
<b>Net cash used by non-capital financing activities</b>	<u>(1,723,553)</u>
<b>Cash Flows From Investing Activity:</b>	
Interest income	<u>429,441</u>
<b>Net cash used by investing activity</b>	<u>429,441</u>
<b>Net Increase in Cash and Cash Equivalents</b>	242,084
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>89,750,805</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 89,992,889</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, 2022**

**Reconciliation of operating income to net cash from operating activities:**

Operating income	\$ 11,975,429
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation expense	7,598,083
Bad debt expense	123,635
(Increase) decrease in assets related to operations	
Trade receivables, net	(1,430,982)
Inventory	(14,691,576)
Note receivable related to operating revenues	159,981
Increase (decrease) in liabilities related to operations	
Accounts payable	2,655,632
Unearned Revenue	(33,380)
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 6,356,821</u></b>

**Supplemental Information**

**Noncash Investing, Capital, and Financing Activities:**

Inventory additions to capital assets	\$ 9,248,104
---------------------------------------	--------------

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, 2022. 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 debt 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 prior to July 1, 2019. 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	25-40 years
Buildings	25 years
Office furniture and equipment and vehicles	3-5 years
Intangible rights	30 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 \$80,000 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 \$123,635.

**NOTE 2 CASH AND INVESTMENTS**

Deposits

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.

*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, 2022, \$16,972,185 of the \$17,222,185 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Agency and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Statutes authorize the Agency to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund (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. The PTIF is not registered with the SEC as an investment company.

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

**NOTE 2 CASH AND INVESTMENTS (Continued)**

Components of cash and investments at June 30, 2022, are as follows:

	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Credit Rating</u>	<u>Weighted Average Maturity</u>
Cash on deposit	\$ 17,521,165	\$ 17,521,165	N/A	N/A
Investments:				
Utah State Public Treasurer's Investment Fund	\$ 72,172,338	\$ 72,471,749	unrated	< 3 mos.
Corporate bonds	877,220	877,220	A3 to A1	< 3 years
Certificates of deposit	2,173,717	2,173,717	Baa3 to Aa3	< 2 years
Money Market Fund	31,392	31,392	Aaa	N/A
Total Investments	<u>\$ 75,254,667</u>	<u>\$ 75,554,078</u>		

*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 written policy for managing interest rate risk is to comply with the Utah Money Management Act which requires that the term to maturity of an investment may not exceed the period of availability of the funds to be invested.

*Credit risk.* This is the risk that an issuer or other counter party to an investment will not fulfill its obligations. UIA follows the Money Management Act, which only allows for investments of the highest quality, as measured by the bond rating. UIA also invests in the PTIF, which, as of June 30, 2022, was 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 policy for reducing the concentration of credit risk is to follow the Utah Money Management Councils Rules, specifically Rule 17, which limits the amount of money that can be invested 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 policy for managing custodial credit risk is to follow the Utah Money Management Act's list of certified investment advisors. UIA's investment in PTIF has no custodial credit risk.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the 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.

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

**NOTE 2 CASH AND INVESTMENTS (Continued)**

The fair value measurements for investments are as follows at June 30, 2022:

	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Utah State Public Treasurer's Investment Fund	\$ 72,172,338	\$ -	\$ 72,172,338	\$ -
Corporate bonds	877,220	-	877,220	-
Certificates of deposit	2,173,717	-	2,173,717	-
Money Market Fund	31,392	31,392	-	-
<b>Total</b>	<b>\$ 75,254,667</b>	<b>\$ 31,392</b>	<b>\$ 75,223,275</b>	<b>\$ -</b>

**NOTE 3 PROPERTY AND EQUIPMENT**

The following summarizes UIA's property and equipment as of June 30, 2022:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 959,272	\$ -	\$ -	\$ 959,272
Construction in progress	19,662,901	26,425,976	(16,859,917)	29,228,960
<b>Total capital assets, not being depreciated</b>	<b>20,622,173</b>	<b>26,425,976</b>	<b>(16,859,917)</b>	<b>30,188,232</b>
Capital assets, being depreciated:				
Building	4,294,731	-	-	4,294,731
Furniture and equipment	418,475	-	-	418,475
Outside plant	121,473,467	43,772,322	-	165,245,789
Inside plant	20,227,314	3,675,280	-	23,902,594
Customer premise equipment	41,812,252	7,519,526	-	49,331,778
Intangible right	18,176,964	-	-	18,176,964
<b>Total capital assets, being depreciated</b>	<b>206,403,203</b>	<b>54,967,128</b>	<b>-</b>	<b>261,370,331</b>
Less accumulated depreciation:				
Building	(486,683)	(171,790)	-	(658,473)
Furniture and equipment	(314,281)	(51,987)	-	(366,268)
Outside plant	(13,174,242)	(3,489,564)	-	(16,663,806)
Inside plant	(12,679,519)	(1,560,420)	-	(14,239,939)
Customer premise equipment	(6,601,407)	(1,950,228)	-	(8,551,635)
Intangible right	(6,878,872)	(374,094)	-	(7,252,966)
<b>Total accumulated depreciation</b>	<b>(40,135,004)</b>	<b>(7,598,083)</b>	<b>-</b>	<b>(47,733,087)</b>
<b>Total capital asset, net of accumulated depreciation</b>	<b>166,268,199</b>	<b>47,369,045</b>	<b>-</b>	<b>213,637,244</b>
<b>Property and Equipment, net</b>	<b>\$ 186,890,372</b>	<b>\$ 73,795,021</b>	<b>\$ (16,859,917)</b>	<b>\$ 243,825,476</b>

Depreciation expense of \$7,598,083 was charged to operating expense for the year ended June 30, 2022.

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

**NOTE 4 LONG-TERM DEBT**

The following is a summary of the changes in long-term debt obligations for the year ended June 30, 2022.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Revenue Bonds</b>					
Series 2017A	\$ 68,475,000	\$ -	\$ (1,705,000)	\$ 66,770,000	\$ 1,795,000
Series 2017B	1,890,000	-	(610,000)	1,280,000	630,000
Series 2018A	20,680,000	-	(610,000)	20,070,000	640,000
Series 2018 - Layton	22,285,000	-	(150,000)	22,135,000	465,000
Series 2019 - Morgan	2,550,000	-	-	2,550,000	65,000
Series 2019 - Payson	3,520,000	-	-	3,520,000	90,000
Series 2019 - West Point	7,220,000	-	-	7,220,000	175,000
Series 2019	48,365,000	-	(1,345,000)	47,020,000	1,400,000
Series 2020 - Clearfield	12,645,000	-	-	12,645,000	275,000
Series 2021	52,495,000	-	-	52,495,000	-
Series 2021 - Pleasant Grove	16,915,000	-	-	16,915,000	-
Series 2021 - Syracuse	-	19,220,000	-	19,220,000	-
Series 2022	-	30,000,000	-	30,000,000	-
Series 2022 - Santa Clara	-	6,675,000	-	6,675,000	-
Series 2022 - Cedar Hills	-	5,965,000	-	5,965,000	-
Plus: Net Premiums	25,035,770	3,244,631	(1,230,239)	27,050,162	-
<b>Total Revenue Bonds</b>	<b>282,075,770</b>	<b>65,104,631</b>	<b>(5,650,239)</b>	<b>341,530,162</b>	<b>5,535,000</b>
<b>Notes Payable from Direct Borrowings</b>					
Pledging Members	1,328,071	-	(1,328,071)	-	-
Tremonton Note	60,199	-	(60,199)	-	-
<b>Total Notes Payable from Direct Borrowings</b>	<b>1,388,270</b>	<b>-</b>	<b>(1,388,270)</b>	<b>-</b>	<b>-</b>
<b>Total Long-Term Debt</b>	<b>\$283,464,040</b>	<b>\$ 65,104,631</b>	<b>\$ (7,038,509)</b>	<b>\$341,530,162</b>	<b>\$ 5,535,000</b>

**Revenue Bonds**

Tax-exempt Telecommunications Revenue and Refunding Bonds, Series 2017A, original issue of \$73,905,000 plus a premium of \$7,784,509, principal payments due in annual installments beginning October 15, 2018, interest payments due semi-annually at 2.00% to 5.00%, 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. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses.

\$ 66,770,000

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

**NOTE 4 LONG-TERM DEBT (Continued)**

**Revenue Bonds (Continued)**

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. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. \$ 1,280,000

Tax-exempt Telecommunications Revenue Bonds, Series 2018A, original issue of \$21,810,000 plus a premium of \$2,323,343, principal payments due in annual installments beginning October 2019, interest payments due semi-annually at 5.000% to 5.375%, with the final payment due October 2040. The bonds were issued to finance the expansion of UIA's infrastructure. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 20,070,000

Layton City Telecommunications and Franchise Tax Revenue Bonds, Series 2018, original issue of \$22,285,000 plus a premium of \$1,863,184, principal payments due in annual installments beginning October 2021, interest payments due semi-annually at 3.00% to 5.00%, with the final payment due October 2044. The bonds were issued to finance the expansion of UIA's infrastructure within Layton City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 22,135,000

Telecommunications, Electric Utility, and Sales Tax Revenue Bonds (Morgan City Project), Series 2019, original issue of \$2,550,000 plus a premium of \$67,549, principal payments due in annual installments beginning October 2022, interest payments due semi-annually at 3.375% to 5.000%, with the final payment due October 2044. The bonds were issued to finance the construction of UIA's infrastructure within Morgan City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 2,550,000

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

**NOTE 4 LONG-TERM DEBT (Continued)**

**Revenue Bonds (Continued)**

Telecommunications and Franchise Tax Revenue Bonds (Payson City Project), Series 2019, original issue of \$3,520,000 plus a premium of \$198,292, principal payments due in annual installments beginning October 2022, interest payments due semi-annually at 3.00% to 5.00%, with the final payment due October 2044. The bonds were issued to finance the expansion of UIA's infrastructure within Payson City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. \$ 3,520,000

Telecommunications, Franchise, and Sales Tax Revenue Bonds (West Point City Project), Series 2019, original issue of \$7,220,000 plus a premium of \$595,011, principal payments due in annual installments beginning October 2022, interest payments due semi-annually at 3.00% to 4.00%, with the final payment due October 2046. The bonds were issued to finance the construction of UIA's infrastructure within West Point City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 7,220,000

Telecommunications Revenue Bonds, Series 2019, original issue of \$48,365,000 plus a premium of \$3,634,287, principal payments due in annual installments beginning October 2021, interest payments due semi-annually at 4.0% to 5.0%, with the final payment due October 2042. The bonds were issued to finance improvements of UIA's infrastructure. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 47,020,000

Telecommunications and Franchise Tax Revenue Bonds, Series 2020 (Clearfield City Project), original issue of \$12,645,000 plus a premium of \$1,348,306, principal payments due in annual installments beginning October 2022, interest payments due semi-annually at 2.75% to 5.00%, with the final payment due October 2047. The bonds were issued to finance the expansion of UIA's infrastructure within Clearfield City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 12,645,000

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

**NOTE 4 LONG-TERM DEBT (Continued)**

**Revenue Bonds (Continued)**

Telecommunications Revenue Bonds, Series 2021, original issue of \$52,495,000 plus a premium of \$6,758,016, principal payments due in annual installments beginning October 2023, interest payments due semi-annually at 3.00% to 4.00%, with the final payment due October 2045. The bonds were issued to finance improvements of UIA's infrastructure. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. \$ 52,495,000

Telecommunications and Franchise Tax Revenue Bonds, Series 2021 (Pleasant Grove City Project), original issue of \$16,915,000 plus a premium of \$2,749,958, principal payments due in annual installments beginning October 2024, interest payments due semi-annually at 2.00% to 4.00%, with the final payment due October 2048. The bonds were issued to finance the expansion of UIA's infrastructure within Pleasant Grove City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 16,915,000

Telecommunications, Franchise, and Sales Tax Revenue Bonds, Series 2021 (Syracuse City Project), original issue of \$19,220,000 plus a premium of \$3,337,961, principal payments due in annual installments beginning October 2024, interest payments due semi-annually at 2.00% to 4.00%, with the final payment due October 2048. The bonds were issued to finance the expansion of UIA's infrastructure within Syracuse City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 19,220,000

Telecommunications Revenue Bonds, Series 2022, original issue of \$30,000,000 less a discount of \$60,172, principal payments due in annual installments beginning October 2025, interest payments due semi-annually at 5.00%, with the final payment due October 2046. The bonds were issued to finance improvements of UIA's infrastructure. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 30,000,000

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

**NOTE 4 LONG-TERM DEBT (Continued)**

**Revenue Bonds (Continued)**

Telecommunications, Franchise, and Sales Tax Revenue Bonds, Series 2022 (Santa Clara City Project), original issue of \$6,675,000 less a discount of \$51,563, principal payments due in annual installments beginning October 2024, interest payments due semi-annually at 4.00% to 4.25%, with the final payment due October 2051. The bonds were issued to finance the expansion of UIA's infrastructure within Santa Clara City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. \$ 6,675,000

Telecommunications, Franchise, and Sales Tax Revenue Bonds, Series 2022 (Cedar Hills City Project), original issue of \$5,965,000 plus a premium of \$18,405, principal payments due in annual installments beginning October 2024, interest payments due semi-annually at 2.00% to 4.00%, with the final payment due October 2051. The bonds were issued to finance the expansion of UIA's infrastructure within Cedar Hills City. There are no significant events of default or termination events with finance-related consequences and no subjective acceleration clauses. 5,965,000

Total Revenue Bonds	314,480,000
Less current portion	<u>(5,535,000)</u>
Noncurrent portion	<u><u>\$ 308,945,000</u></u>

The following summarizes UIA's revenue bonds debt service requirements as of June 30, 2022:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,535,000	\$ 13,413,507	\$ 18,948,507
2024	7,350,000	13,273,700	20,623,700
2025	8,620,000	12,949,950	21,569,950
2026	9,740,000	12,567,850	22,307,850
2027	10,160,000	12,138,225	22,298,225
2028-2032	58,385,000	53,101,775	111,486,775
2033-2037	73,065,000	38,304,744	111,369,744
2038-2042	84,030,000	20,041,156	104,071,156
2043-2047	49,050,000	5,821,697	54,871,697
2048-2052	8,545,000	560,022	9,105,022
	<u>\$ 314,480,000</u>	<u>\$ 182,172,626</u>	<u>\$ 496,652,626</u>



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

**NOTE 4 LONG-TERM DEBT (Continued)**

Advanced Refunding/Defeasance of Debt

The net proceeds from the Series 2017A and Series 2017B Bonds (collectively, the Series 2017 Bonds) used for the advanced refunding of the Series 2011A, Series 2011B, Series 2013, and Series 2015 Bonds 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, 2022, \$29,900,000 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, 2022.

**NOTE 5 RELATED PARTY 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 \$2,700,000 for administration, accounting/finance, marketing, customer service and outside plant maintenance performed on behalf of UIA. Since UIA's inception in 2011, UIA has paid a total of approximately \$9,700,000 to UTOPIA for management services and UTOPIA has donated management services to UIA valued at approximately \$4,100,000. UTOPIA did not donate management services to UIA during the year ended June 30, 2022.

UIA also leases a building to UTOPIA under a cancellable 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, 2022.

As of June 30, 2022, UIA had \$849,082 in accounts receivable from UTOPIA.

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 \$4,486,316 for the year ended June 30, 2022. Since UIA's inception in 2010, UIA has paid a total of approximately \$14,400,000 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:

<b>Pledging Member</b>	<b>2022 Share of Total Max. Pledge</b>	<b>2022 Maximum Pledge *</b>
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. For the year ended June 30, 2022, UIA paid a total of \$1,328,071 back to the cities, which included outstanding accrued interest.

UIA paid an additional amount of \$335,283 to the member cities during the year ended June 30, 2022.

Tremonton City (a pledging member of UTOPIA) was not assessed for UIA working capital, but voluntarily paid \$167,292 prior to June 30, 2018. UIA has repaid Tremonton City this amount as of year end.

**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>2022 OpEx Assessments Paid</u>	<u>Cumulative Paid</u>	<u>2022 Payments to Cities</u>	<u>Cumulative Payments</u>	<u>Cumulative Remaining</u>
Brigham City	\$ -	\$ 34,824	\$ -	\$ (34,824)	\$ -
Centerville City	-	221,373	(124,112)	(221,373)	-
Layton City	-	623,750	(186,389)	(623,750)	-
Lindon City	-	118,155	(66,329)	(118,155)	-
Midvale City	-	307,486	(110,311)	(307,486)	-
Murray City	-	141,666	(79,243)	(141,666)	-
Orem City	-	1,099,242	(392,152)	(1,099,242)	-
Payson City	-	242,945	(87,186)	(242,945)	-
West Valley City	-	1,017,276	(282,349)	(1,017,276)	-
	<u>\$ -</u>	<u>\$ 3,806,717</u>	<u>\$ (1,328,071)</u>	<u>\$ (3,806,717)</u>	<u>\$ -</u>

**NOTE 7 SUBSEQUENT EVENTS**

In December 2022, UIA issued \$17,680,000 of Telecommunications and Sales Tax Revenue Bonds, Series 2022 to fund the acquisition, construction, and installation of a fiber optic network in West Haven City. Principal payments on the bonds are due in annual installments of \$370,000 to \$1,255,000 beginning in 2025 through 2049, with interest at 5.00% to 5.50% due semiannually beginning in fiscal year 2023.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX B**  
**EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE**

The following excerpts briefly outline certain provisions contained in the General Indenture and are not to be considered as a full statement thereof. Reference is made to the General Indenture and the Sixth Supplemental Indenture, for full details of all of the terms of the Series 2023 Bonds, the security provisions appertaining thereof, and the application of the Revenues derived from the Network, and the definition of any terms used but not defined in this Official Statement.

**Definitions**

As used in the 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 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 the Indenture, other than the Initial Bonds, which are secured by a pledge of the Net Revenues on a parity with the pledge of Net Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations authorized in the Indenture.

“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.

“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, Secretary, Treasurer, Chief Executive Officer or any other officer of the Issuer so designated in writing by the Issuer to the Trustee.

“Available Franchise Tax Revenues” means the maximum Franchise Tax Revenues available under the Service Contract and which (i) for purposes of (a)(i) under the heading “Issuance of Additional Bonds” were not used in the applicable 12-month period to make the payments due under the Service Contract and (ii) for purposes (a)(ii) “Issuance of Additional Bonds” are not projected by the Qualified Consultant to be required to make the payments due under the Service Contract during the related Bond Fund Years.

“Average Aggregate Annual Debt Service Requirement” means the total of all Aggregate Annual Debt Service Requirements divided by the total Bond fund Years of the Bonds Outstanding or any specified portion thereof.

“Bond Fund” means the UIA Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture

“Bond Fund Year” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, 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 June 30.

“Bondholder,” “Bondowner,” “Registered Owner,” or “Owner” means the registered owner of any Bonds authorized in the Indenture 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 the 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 (i) 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.

“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 the Indenture and are outstanding up to an Authorized Amount.

“Connection Services” means the wholesale services provided by the Issuer to each Member pursuant to the Service Contract whereby end users within each Member have access to the UIA 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) provided through the UTOPIA Network.

“Construction Fund” means the UIA Construction Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Contracting Members” means those Members who have entered into the Service Contract, namely Brigham City, Utah; Centerville City, Utah; Layton City, Utah; Lindon City, Utah; Midvale City, Utah; Murray City, Utah; City of Orem, Utah; and West Valley City, Utah.

“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;
- (c) engineering, architectural, legal, planning, underwriting, marketings, 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 Member 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 the 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 provided in the Indenture, 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 the 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 issuance of Additional Bonds under the Indenture*

(A) 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);

(B) 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); and

(C) when calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations;

and further provided, that there shall be excluded from Debt Service (x) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (y) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, and (z) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer’s obligation to pay such Repayment Obligations.

“Debt Service Reserve Fund” means the UIA Debt Service Reserve Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

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

“Direct Obligations” means noncallable Government Obligations.

“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 under the Indenture any occurrence or event specified in and defined in the Indenture.

“Fiscal Year” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30.

“Fitch” means Fitch Ratings.

“Franchise Tax Revenues” means proceeds of loans or payments of franchise tax revenues received by the Issuer from Contracting Members pursuant to the Service Contract.

“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”).

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

“Initial Bonds” means the first Series of Bonds issued under the 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.

“Member” means a member city of the Issuer as evidenced by the execution by said member city of the Interlocal Agreement which created the Issuer.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Revenues” means all Revenues after payment of all Operation and Maintenance Expenses.

“Operation and Maintenance Expenses” means all expenses reasonably incurred by UIA in connection with the operation and maintenance of the UIA Network, whether incurred by UIA or paid to any other entity, including UTOPIA or any Member, pursuant to contract or otherwise, necessary to keep the UIA Network in efficient operating condition, including cost of 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; provided, however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the UIA 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 the Indenture, except:

- (a) Any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of the Indenture; and

(b) Any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered under the Indenture, 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 the Indenture and any additional or successor paying agent appointed pursuant to the Indenture.

“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.

“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.

“Project” means the acquisition, construction, installation, and equipping of communications facilities, additions, extensions, facilities, equipment, buildings, furnishings, and improvements for the UIA Network including the acquisition of access rights to and capacity in the UTOPIA Network.

“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 Consultant” means any firm, corporation, company or any other organization or person generally recognized as having expertise in matters relating to telecommunications or fiber optic systems, selected and paid by the Issuer, who shall not have any substantial interest, direct or indirect with the Issuer, but who may be regularly retained to make annual or other periodic reports to the Issuer.

“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 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 under the Indenture 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(t)(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 Rebate Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Registrar” means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to the Indenture, and any additional or successor registrar appointed pursuant to the Indenture.

“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 Repair and Replacement Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“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 to the Indenture under all Reserve Instruments.

“Reserve Instrument Fund” means the UIA Reserve Instrument Fund created pursuant to the Indenture to be held by the Trustee and administered pursuant the Indenture.

“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 Revenue Fund created in the Indenture to be held by the Issuer and administered pursuant to the Indenture.

“Revenues” means all revenues, fees, income, rents, sale proceeds, and receipts received or earned by the Issuer from or attributable to the ownership or operation of the UIA Network, including moneys received from the imposition of fees and charges to providers and end users and all payments received pursuant to the Service Contract, including any Franchise Tax Revenues, 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.

“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 the 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 therefor.

“Service Contract” means that certain Service Contract dated as of May 1, 2011, entered into between the Issuer and the Contracting Members identified in that Service Contract, as such contract may be amended and supplemented from time to time.

“Sinking Fund Account” means the UIA Sinking Fund Account of the Bond Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“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 the 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 the Indenture.

“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 ZB, 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 under the Indenture.

“UIA Network” means fiber optic lines, connection lines and related improvements and facilities acquired, constructed and owned by UIA, together with the acquisition by UIA of access rights and capacity in the UTOPIA Network and access rights and capacity in other networks.

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

“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.

### **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 under the Indenture 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 to the Indenture, the 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 the Indenture and the covenants and agreements set forth in the Indenture 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 the 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.

### **Perfection of Security Interest**

(a) The Indenture creates a valid and binding pledge and assignment of security interest in all of the Net 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 Net 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.

## **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 in the Indenture, 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 in the Indenture and in the related Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under the Indenture, 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 under the Indenture. 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 under the Indenture.

(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 the 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 the Indenture 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) 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 the Indenture and such Series of Bonds and the Indenture has been duly executed and delivered by the Issuer and is a valid and binding and enforceable agreement of the Issuer; (b) the Indenture creates the valid pledge which it purports to create of the Net 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.

(e) 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.

(f) 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).

(g) 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.

(h) 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 Net

Revenues on a parity with the pledge contained in the Indenture. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents, tender agents or other agents as the Issuer may determine.

(i) 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.

#### **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 the Indenture 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.

#### **Cancellation**

All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee under the Indenture 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.

#### **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 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 under the Indenture 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 the Indenture are subject to the provisions of Title 67, Chapter 4a, Utah Code.

### **Additional Bonds**

No additional indebtedness, bonds or notes of the Issuer payable from Net Revenues or any portion thereof on a priority basis senior to the Bonds or the Security Instrument Repayment Obligations authorized in the Indenture shall be created or incurred. The Issuer may issue Additional Bonds and other parity obligations if the following requirements have been met:

(a) (i) A certificate, based upon the most recent audited financial statements of the Issuer or a report prepared by the Issuer's auditor, shall be delivered to the Trustee by an Authorized Representative to the effect that the sum of the Net Revenues and any Available Franchise Tax Revenues for any Year within the 24 months immediately preceding the issuance of the Additional Bonds was at least 150% of the maximum Aggregate Annual Debt Service for any Bond Fund Year on all of the Bonds that will be Outstanding upon the issuance of such Additional Bonds; or

(ii) An Authorized Representative shall have delivered to the Trustee a certificate from a Qualified Consultant:

(1) setting forth projected Available Franchise Tax Revenues, and the Estimated Net Revenues as described in the Indenture (assuming, if applicable, the completion of any contemplated additions, improvements, extensions, replacements or repairs to the UIA Network (collectively, the "Improvements") financed with proceeds of the Additional Bonds) either:

(i) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Improvements, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(ii) if (i) is not the case, for the then current Bond Fund Year and the next succeeding Bond Fund Year; and

(2) verifying that the sum of the projected Available Franchise Tax Revenues and the Estimated Net Revenues as shown in (1) above for each Bond Fund Year during which Bonds are Outstanding is not less than 150% of the maximum annual debt service requirement for each of such Bond Fund Years with respect to all of the Bonds which would then be Outstanding upon the issuance of such Additional Bonds so proposed to be issued.

For purposes of subsection (ii) above "Estimated Net Revenues" shall be determined by the Qualified Consultant as follows:

(A) The Net Revenues for any Year in the 24 months immediately preceding the delivery of the Additional Bonds shall first be determined. Net Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Improvements financed with proceeds of the Additional Bonds will be estimated by the Qualified Consultant for the applicable Bond Fund Years as determined in (ii)(1)(i) or (ii) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 75% of the estimated additional Net Revenues as calculated in (B) above.

(b) All payments required by the Indenture to be made into the Bond Fund must have been made in full, and there must be in the Debt Service Reserve Fund the full amount required by the Indenture to be accumulated at such time, taking into account any Reserve Instrument Coverage.

(c) The coverage test set forth in (a)(i) and (a)(ii) above shall not apply to the issuance of any Additional Bonds to the extent such Bonds are issued for the purpose of refunding Bonds issued under the Indenture and the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith.

(d) All Repayment Obligations then due and owing shall have been paid.

(e) All payments required by the Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account in the Debt Service Reserve Fund (taking into account any Reserve Instrument Coverage) the full amount required by the Indenture to be accumulated therein.

(f) The proceeds of the Additional Bonds, less costs of issuance and funding of reserves, must be used in connection with (i) the refunding of Bonds issued under the Indenture or any borrowing of the Issuer, (ii) the financing of a Project or (iii) any other lawful purpose.

(g) No Event of Default is existing under the Indenture on the date of authentication of such Additional Bonds, unless (i) the Security Instrument Issuers, Reserve Instrument Issuers and Owners of all Outstanding Bonds (subject to the consent authorized by (h)(i) have each consented to the issuance of such Additional Bonds or (ii) upon the issuance of such Additional Bonds and the application of the proceeds thereof, all such Events of Default will be cured.

### **Coverage against Creating or Permitting Liens**

Except for the pledge of Net Revenues to secure payment of the Bonds and Repayment Obligations under the Indenture, the Net 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 in the Indenture shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinate to that of the Bonds and Repayment Obligations. Nothing in the Indenture 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 in the Indenture.

### **Special Funds and Accounts**

#### 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, stating that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer and by the Security Instrument Issuer, if any, 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 the Indenture 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 the Indenture, 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.

#### 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) As a first 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.

(c) So long as any Bonds are Outstanding, as a second charge and lien on the Revenues, i.e. from Net 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;

(iv) 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.

(d) As a third 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 described 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 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 the Indenture 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 the Indenture) 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.

(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 Network after payments required by the Indenture 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 the Indenture, 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 any Contracting Member under the Service Contract;

or

(iv) for any other lawful purpose, including any intergovernmental transfers, including but not limited to transfers to UTOPIA.

Use of Bond Fund. The Issuer may direct the Trustee, pursuant to a Supplemental Indenture, to create an account 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 the Indenture;
  - (iii) any amount in the Construction Fund to the extent required by or directed pursuant to the Indenture 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 the Indenture; and
  - (v) all other moneys received by the Trustee under the Indenture 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 the Indenture 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 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 under the Indenture (or after provision has been made for the payment thereof as provided in the Indenture 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 under the Indenture 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.

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 to the Indenture, 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.

Use of Debt Service Reserve Fund. Except as otherwise provided in the Indenture 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 Net 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, the Trustee is required on behalf of the Issuer to exercise the Issuer's remedies under the Service Contract to collect amounts payable under the Service Contract, including the advance of Franchise Tax Revenues, sufficient to replenish the Debt Service Reserve Fund.

Except as otherwise provided in the Indenture, all amounts deposited in the Debt Service Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal and interest on the Bonds or, in accordance with the provisions of the Indenture, for the purpose of redeeming Bonds. Transfers shall be made from the Debt Service Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance the Indenture.

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 the Indenture.

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 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 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 of the related Series of Outstanding Bonds.

Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required by the Indenture 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.

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 Network; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the UIA 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 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 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.

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 the 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 the Indenture 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 the Indenture.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of the Indenture. 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 the Indenture 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 or the status of the Bonds as entitled to Direct Payments, if applicable.

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, the Debt Service Reserve 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 provided in the Indenture. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with the Indenture, 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 the Indenture. 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 under the Indenture.

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

Trust Funds. All moneys and securities received by the Trustee under the provisions of the Indenture shall be trust funds under the terms of the Indenture 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 of the Indenture. Except as provided otherwise in the Indenture, unless and until disbursed pursuant to the terms of the Indenture, 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 under the Indenture.

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.

## **Covenants**

General Covenants. The Issuer covenants and agrees with each and every Registered Owner of the Bonds issued under the Indenture, 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, for all services of the UIA Network including to the Members under the Service Contract and to all end users within the boundaries of said Members, shall be sufficient to pay the Operation and Maintenance Expenses, and to provide moneys for each Bond Fund Year sufficient to meet the Issuer's payment obligations under the Indenture. The Issuer agrees that should its annual financial statement made in accordance with the provisions the Indenture 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 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 Network sufficient to meet all requirements of the Indenture 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 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 Network. Except as otherwise provided in the Indenture, the Issuer further agrees that it will within two hundred and 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 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 the Indenture shall be regarded and paid as an Operation and Maintenance Expense

First Lien of Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable lien upon the Net Revenues. 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 Net Revenues and shall not be entitled to any priority one over the other in the application of the Net 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) Net 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.

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 under the Indenture, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, the 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 Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created under the Indenture or the income from the temporary investment thereof), which Net Revenues are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent specified in the Indenture, and nothing in the Bonds, the 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.

Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, 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 to issue the Bonds authorized hereby and to execute the Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of the 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.

List of Bondholders. The Trustee will keep on file at its 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 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 satisfaction of the Trustee.

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.

Use of Legally Available Moneys. Notwithstanding any other provisions of the Indenture, nothing in the Indenture 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 of the Indenture 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.

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 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 Network or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created under the Indenture 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 under the Indenture and under Supplemental

Indentures to the Indenture), 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 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 the Indenture 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 proceeding .

Insurance. The Issuer, in its operation of the System, 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 System. 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.

Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of 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 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 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 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 Network, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of 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 Network or any part thereof shall constitute Revenues.

## **Default Provisions**

Events of Default. Each of the following events is 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 under the Indenture or otherwise; or

(c) if the Issuer shall for any reason be rendered incapable of fulfilling its obligations under the Indenture; 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 in the Indenture or any Supplemental Indenture on the part of the Issuer to be performed, other than as set forth in the Indenture, 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 under the Indenture; or

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

Remedies; Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to the Indenture, 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 under the Indenture; provided however, that nothing in the Indenture shall be construed to grant to 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 the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture 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 of the Indenture 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 under the Indenture, 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

Right of Registered Owners to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, unless a Supplemental Indenture provides otherwise, either (i) the Registered Owners of a majority in aggregate Principal amount of the Bonds then Outstanding, (ii) 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 50% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 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 of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture 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 and any other outstanding fees and expenses of the Trustee relating to its duties under the Indenture, 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 of the Indenture), 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.

(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 the Indenture, 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 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.

Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under the Indenture 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.

Rights and Remedies of Registered Owners. Except as provided in the Indenture, 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 of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless an Event of Default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless also Registered Owners of 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 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 granted in the Indenture 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 the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, 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 of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture; 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 of the Indenture by its action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture 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 contained in the Indenture 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 under the Indenture 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.

Termination of Proceedings. In case the Trustee, any Registered Owner or any Security Instrument Issuer shall have proceeded to enforce any right under the Indenture 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 under the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Waivers of Events of Default. Subject to the Indenture, 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 under the Indenture 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 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 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 under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Cooperation of Issuer. In the case of any Event of Default under the Indenture, 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.

### **Trustee Provisions**

Acceptance of the Trusts. The Trustee accepts the trusts imposed upon it under the Indenture, 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 the 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 under the Indenture, 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 under the Indenture. 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 under the Indenture, 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 the Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued under the Indenture 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 conveyed by the Indenture. 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 of the Indenture. 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 under the Indenture, except as specifically set forth in the Indenture. 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 to the Indenture 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 the Indenture, 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 in the Indenture 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 under the Indenture, except an Event of Default described in the Indenture, 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 contained in the Indenture, 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 provided in the Indenture, 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 under the Indenture except such as may be agreed upon.

(l) If any Event of Default under the Indenture 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 the 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 the 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.



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 under the Indenture 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 provided in the Indenture. 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 the Indenture will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by the Indenture 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.

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. The rights and obligations of the Trustee under the Indenture are subject to the approval of a court of competent jurisdiction.

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 under the Indenture 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 to the Indenture, anything in the Indenture to the contrary notwithstanding.

Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts created in the Indenture 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 the Indenture; 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.

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 in the Indenture. No removal of a Trustee shall become effective under the Indenture 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.

Appointment of Successor Trustee; Temporary Trustee. In case the Trustee under the Indenture shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, 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 the Indenture 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.

Concerning Any Successor Trustee. Every successor Trustee appointed under the Indenture shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment under the Indenture, 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 under the Indenture; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee under the Indenture 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 under the Indenture, together with all other instruments provided for in Article VIII of the Indenture 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.

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

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 under the Indenture 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.

Trust Estate May Be Vested in Separate or Co-Trustee. It is the purpose of the 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 under the Indenture, 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 granted under the Indenture to the Trustee or hold title to the trust estate, as granted in the Indenture, 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 the Indenture 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.

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 under the Indenture during the accounting period and the balance in any funds or accounts created by the Indenture 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 in the Indenture that were delivered by the Trustee during the Bond Fund Year just ended.

Indemnification. To the extent permitted by law and subject to the provisions of the 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 under the Indenture, other than those due to its own negligence or willful misconduct.

Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under the Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the Indenture and secured by the 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 the Indenture.

## **Supplemental Indentures**

Supplemental Indentures Not Requiring Consent of Registered Owners, Security Instrument Issuers 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 to the Indenture, as shall not be inconsistent with the terms and provisions of the Indenture, for any one or more of the following purposes:

- (a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;
- (b) To cure any ambiguity or formal defect or omission in the Indenture;
- (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 the 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 of the Utah Code, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect (determined as if there were no Security Instrument in place) 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 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 (1) a Supplemental Indenture designating the facilities to comprise the Project, (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds and (3) 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 in the Indenture to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references in the Indenture are correct.

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 the Indenture and subject to the terms and provisions contained in the Indenture, 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 in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture 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 in the Indenture or in any Supplemental Indenture, or (ii) 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 of the Indenture or of any indenture supplemental to the Indenture; provided, however, that nothing in the Indenture contained shall permit or be construed as permitting (a) 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 (b) a reduction in the amount or extension of the time of any payment required by any Fund established under the Indenture 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 (c) 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 (d) 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 to the Indenture 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 the Indenture, neither the 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.

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 of the Indenture 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.

Opinion of Counsel for Supplemental Indentures. Before the Issuer and the Trustee shall enter into any Supplemental Indenture pursuant to the Indenture, 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.

### **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 of the Indenture, 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, 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 of the Indenture, 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 of the Indenture, 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 the Indenture 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 in the Indenture, 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 under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, 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 to the Indenture any Bonds to be redeemed prior to maturity pursuant to the provisions of the 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 the Indenture, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by the Indenture has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture 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 0 above.

Any moneys so deposited with the Trustee as provided the Indenture may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as set forth in the Indenture, and all income from all Direct Obligations in the hands of the Trustee pursuant to the Indenture 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 the Indenture 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 of the Indenture which may be contrary to the provisions of the Indenture, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of the Indenture 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 the Indenture to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of the Indenture shall be made without the consent of the Registered Owner of each Bond affected thereby.

#### **Applicable Law**

The Indenture shall be governed exclusively by the applicable laws of the State.

**APPENDIX C**  
**THE SERVICE CONTRACT**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**COMMUNICATIONS SERVICE CONTRACT**

*Dated as of May 1, 2011*

**among**

**UTAH INFRASTRUCTURE AGENCY**

**and**

**BRIGHAM CITY, UTAH; CENTERVILLE CITY, UTAH; LAYTON CITY, UTAH;  
LINDON CITY, UTAH; MIDVALE CITY, UTAH; MURRAY CITY, UTAH;  
CITY OF OREM, UTAH; WEST VALLEY CITY, UTAH**

**Table of Contents**

	<b>Page</b>
<b>ARTICLE I DEFINITIONS .....</b>	<b>4</b>
<b>ARTICLE II CONNECTION SERVICES .....</b>	<b>7</b>
Section 2.1 <b>Connection Services.....</b>	<b>7</b>
Section 2.2 <b>Availability .....</b>	<b>7</b>
<b>ARTICLE III PAYMENT FOR CONNECTION SERVICES.....</b>	<b>8</b>
Section 3.1 <b>Determination of Payment.....</b>	<b>8</b>
Section 3.2 <b>Obligation is Absolute .....</b>	<b>8</b>
Section 3.3 <b>Special Limited Obligation .....</b>	<b>8</b>
Section 3.4 <b>Default in Payment .....</b>	<b>8</b>
Section 3.5 <b>Use of Franchise Tax Revenues.....</b>	<b>9</b>
Section 3.6 <b>Succession Proceedings .....</b>	<b>10</b>
Section 3.7 <b>Discontinuance; Termination.....</b>	<b>10</b>
Section 3.8 <b>Remedies .....</b>	<b>10</b>
Section 3.9 <b>No Exclusive Remedy.....</b>	<b>10</b>
Section 3.10 <b>Right of Designee to UIA to Exercise Remedies.....</b>	<b>11</b>
Section 3.11 <b>Cities not Obligated for UIA Debt.....</b>	<b>11</b>
<b>ARTICLE IV APPROVAL AND PUBLICATION REQUIREMENTS .....</b>	<b>12</b>
Section 4.1 <b>Submission to Authorized Attorney.....</b>	<b>12</b>
Section 4.2 <b>Publication .....</b>	<b>12</b>
Section 4.3 <b>Improvements Owned by UIA.....</b>	<b>12</b>
<b>ARTICLE V GENERAL PROVISIONS.....</b>	<b>13</b>
Section 5.1 <b>Acquisition and Construction of the Improvements .....</b>	<b>13</b>
Section 5.2 <b>Risk of Loss .....</b>	<b>13</b>
Section 5.3 <b>Several Obligations.....</b>	<b>13</b>
Section 5.4 <b>Liability Dedication .....</b>	<b>13</b>
Section 5.5 <b>Books and Records .....</b>	<b>13</b>
Section 5.6 <b>Relationship to Other Instruments .....</b>	<b>13</b>
Section 5.7 <b>Liabilities .....</b>	<b>14</b>
Section 5.8 <b>Assignment .....</b>	<b>14</b>
Section 5.9 <b>Furnishing Service to Others .....</b>	<b>14</b>
Section 5.10 <b>Uncontrollable Forces.....</b>	<b>14</b>
Section 5.11 <b>Communications Enterprise.....</b>	<b>14</b>
Section 5.12 <b>Cities to Charge and Collect City Revenues.....</b>	<b>14</b>
Section 5.13 <b>Cable Television Services and Public Telecommunications</b>	
Services	<b>14</b>

DMWEST #7632944 v11

Section 5.14	Entire Agreement.....	15
Section 5.15	Amendments.....	15
Section 5.16	Effective Date and Original Term.....	15
Section 5.17	Notice.....	15
Section 5.18	Third Party Beneficiaries.....	16
Section 5.19	Governing Law.....	16
Section 5.20	Execution in Counterparts.....	16
Section 5.21	Severability.....	16
EXHIBIT A – CONNECTION SERVICES.....		A-1
EXHIBIT B – DESCRIPTION OF IMPROVEMENTS.....		B-1
EXHIBIT C – NUMBER OF END USERS ALLOCATED TO EACH CITY.....		C-1
EXHIBIT D – FRANCHISE TAX REVENUES.....		D-1

## COMMUNICATIONS SERVICE CONTRACT

This Communications Service Contract (the "Service Contract") is entered into as of this 1<sup>st</sup> day of May, 2011, by and among 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 Brigham City, Centerville City, Layton City, Lindon City, Midvale City, Murray City, City Of Orem, and West Valley City (individually the "City," and collectively, the "Cities"), each a municipal corporation and a political subdivision of the State of Utah (UIA and the Cities 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 the Cities organized UIA to provide for the acquisition, construction, and installation of telecommunications lines and cable television lines together with related improvements and facilities (the "Improvements") for the purpose of connecting properties within the Cities to the Network (as herein defined), all of which shall directly or indirectly benefit each of the Cities.

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. Through UIA, the Cities are desirous to work together cooperatively to provide their residents with the opportunity to connect to the Network and each City has determined that there is a need within that City to provide the Connection Services (as herein defined). Based on the Feasibility Report (as herein defined), the Cities anticipate that the Service Fees (as herein defined) charged by the Cities to the end users through

their Communications Enterprises (as herein defined) will be sufficient to satisfy their obligations hereunder.

7. Section 11-13-215 of the Interlocal Act provides that the Cities may share their taxes or other revenues with one another for the purpose of accomplishing their objectives as set forth in an interlocal agreement, provided that each of the Cities complies with the requirements of Section 11-13-202.5 of the Interlocal Act.

8. In order to assure that the Cities collectively meet their obligations hereunder to UIA, each City desires to pledge its Franchise Tax Revenues to the limited extent provided herein, to accomplish the Cities' mutual objective of receiving Connection Services (as herein defined).

9. 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 Cities will pay Service Fees to UIA calculated in accordance with Section 3.2 of this Service Contract. The amounts paid by the Cities 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 Cities.

10. The Connections Services provided under this Service 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 Connection Service herein provided, the benefit the Cities shall receive individually and as a group in connecting end users within the Cities to the Network and the mutual covenants contained herein, the Parties agree as follows:

**DMWEST #7632944 v11**

**3**

**4036-5724-2376.1**

## ARTICLE I

### DEFINITIONS

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:

**"Annual Budget"** means the budget adopted by UIA.

**"Capital Costs"** means all capital costs related to the improvements incurred by UIA in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, including amounts set aside in reserves for the payment of Capital Costs. Capital Costs include, without duplication, (a) the payment of any obligations incurred by UIA to finance or refinance the costs of the improvements, (b) amounts required to be deposited from time to time into required reserves, and (c) all other capital costs (determined in accordance with generally accepted accounting principles) of the improvements.

**"Cities"** means collectively all cities that are participants in UIA and that have entered into this Service Contract.

**"Communications Enterprise"** means the enterprise established by each 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 Network to new end users within the City pursuant to this Service Contract.

**"Connection Services"** means the wholesale services provided by UIA to each City pursuant to this Service Contract whereby end users within each City have access to UIA 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 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 Network.

**"Feasibility Report"** means the feasibility report prepared by Design Nine and dated October 5, 2010, with respect to the construction of the improvements and the sufficiency of the Service Fees to meet annually the UIA Revenue Requirement.

**"Fiscal Year"** means a period commencing on July 1 and ending on the next succeeding June 30.

**"Franchise Tax Revenues"** means all franchise tax revenues received by a City pursuant to Title 10, Chapter 1, Part 3, Utah Code Annotated 1953, as amended.

DMWEST #7632944 v11

**"Improvements"** means those facilities, improvements, and access, lease, use and/or capacity rights acquired, constructed, and/or installed, operated and maintained by UIA to provide Connection Services to the Cities pursuant to this Service Contract, as more fully described in Exhibit B attached hereto, and incorporated herein.

**"Network"** means the UTOPIA advanced communications fiber optic to the premises open access communications network.

**"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.

**"Operation and Maintenance Expenses"** means all expenses reasonably incurred by UIA in connection with the operation and maintenance of the Improvements, whether incurred by UIA or paid to any other entity pursuant to contract or otherwise, necessary to keep the Improvements 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 Improvements shall be included.

**"Revenues"** means all Service Fees and other revenues, fees, income, rents, and receipts received or earned by UIA under this Service Contract, together with all interest earned by and moneys derived from the sale of investments in the related funds thereof.

**"Service Contract"** means this Communications Service Contract dated as of October 1, 2010, as it may be amended from time to time in accordance with Section 5.15 herein.

**"Service Fees"** means all fees charged by each of the Cities to the end users within the boundaries of each such City. A designated portion of the Service Fees of each City shall be payable to UIA in consideration for the Connection Services provided by UIA to that City pursuant to this Service Contract. The designated portion of the Service Fees shall be calculated and paid pursuant to Article III of this Service Contract. Service Fees do not include any Franchise Tax Revenues.

**"UIA"** means the Utah Infrastructure Agency, a separate legal entity, body, politic and corporate and a political subdivision of the State of Utah, created under the Interlocal Act. UIA is separate from each of the Cities that created it.

**"UIA Revenue Requirement"** means the sum of the Operation and Maintenance Expenses and the Capital Costs of UIA during each Fiscal Year or other applicable period.

**"Uncontrollable Forces"** means any cause beyond the control of the Party affected, including, but not limited to, failure of facilities, flood, earthquake, storm,  
DMWEST #7632944 v11



lightening, fire, epidemic, war, riot, civil disturbances, labor disturbance, sabotage, and restraint by court or public authority.

DMWEST #7632944 v11

6

4836-5724-2376.1

## ARTICLE II

### CONNECTION SERVICES

Section 2.1 Connection Services. UIA shall provide to the Cities and the Cities shall receive from UIA, Connection Services, including Connection Service Capacity, sufficient to allow not less than the total number of end users within each City as set forth in Exhibit C attached hereto and incorporated herein, to connect to the Network. In the event a City determines to provide Connection Services to more than the number of end users allocated to it as set forth in Exhibit C, it shall submit to UIA a written proposal, requesting additional Connection Service Capacity from UIA. Said proposal shall specify the total additional number of end users to be provided Connection Services and the date on which the City requests such capacity to be effective. UIA shall accept or reject said proposal within fifteen (15) days from the date it received the proposal.

Section 2.2 Availability. UIA shall provide continuous Connection Services barring only emergency or scheduled downtime, curtailments, and Operating Contingencies.

## ARTICLE III

### PAYMENT FOR CONNECTION SERVICES

**Section 3.1 Determination of Payment.** In consideration for the providing of Connection Services by UIA, each City shall pay to UIA for each Fiscal Year, if then due and owing, 95% of its Service Fees charged by the City during said Fiscal Year, to be paid and remitted to UIA on a monthly basis in accordance with Section 3.3. Such Service Fees shall only be due to UIA from each City if and when such City is provided with Connection Services and the City has actually charged Service Fees to end users. Each City shall charge all end users Service Fees through its Communications Enterprise and shall remit said Service Fees to UIA on a monthly basis and in accordance with Section 5.12.

**Section 3.2 Obligation is Absolute.** Subject to the provisions of Section 3.3 hereof limiting the sources of payment hereunder, each City's obligations to pay Service Fees to UIA for Connection Services pursuant to this Article III shall be irrevocable, absolute and unconditional and shall not be subject to any reduction, whether by defense, recoupment, counterclaim or offset or otherwise, and shall not be conditioned upon the construction, performance or non-performance of the Improvements or UIA, the remedy for non-performance being limited to mandamus, specific performance or equitable remedy. Notwithstanding the foregoing, it is not intended that the Cities by this Service 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.** Each City agrees to pay the Service Fees due to UIA for Connection Services in monthly installments. Subject to Section 3.5 herein, each City's obligations to make monthly payments pursuant to this Section 3.3 shall constitute an obligation payable solely from Service Fees. In no event shall the obligations of a City hereunder be construed as a general obligation or indebtedness of that City within the meaning of any constitutional or statutory limitation or provision or payable from ad valorem property taxes of that City. The Parties acknowledge and agree that such payments shall be made out of the enterprise fund established with respect to each City's Communications Enterprise. Each monthly installment shall be due and payable by the Cities to UIA not later than the fifteenth day of the next succeeding month. A final accounting of all transactions between UIA and the Cities in each Fiscal Year shall be rendered to the Cities by UIA on or before the 90th day of the succeeding Fiscal Year. The final accounting shall specify the amount, if any, which Cities must pay to UIA to reconcile total monthly payments with actual amounts due UIA with Service Fees indicated by an underpayment or overpayment to be made by the Cities 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 a City's Service Fees are not paid in full on or before the close of business on the fifteenth day of the month in which said Fees 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  
DMWEST #7632944 v11

Service Fees remain unpaid subsequent to the fifteenth day of the month in which the Fees are due, UIA may, upon giving thirty (30) days' advance written notice calculated from the date of receipt of such notice by the applicable City, discontinue Connection Services to said 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 shall not provide Connection Services to said City.

**Section 3.5 Use of Franchise Tax Revenues.**

(a) The Cities engaged Design Nine to prepare the Feasibility Report with respect to the construction of the Improvements and the sufficiency of the Service Fees of all of the Cities to meet the UIA Revenue Requirement. The Feasibility Report demonstrates that the combined City Revenues of all Cities are expected to equal not less than the UIA Revenue Requirement. However, in the event and to the extent there shall be a shortfall in such City Revenues (the "Shortfall"), such that UIA shall not have sufficient moneys to pay the UIA Revenue Requirement when due, each City hereby pledges and agrees to lend its Franchise Tax Revenues in the maximum annual principal amount allocated to each City as set forth in Exhibit D attached hereto and incorporated herein. On or prior to each January 1 and July 1 commencing January 1, 2012, 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 the 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, on or prior to each January 15 or July 15, as applicable, submit a request to each City for Franchise Tax Revenues equal to that City's percentage of the Shortfall set forth in Exhibit D attached hereto and incorporated herein, but in no event more than the maximum principal amount set forth in Exhibit D. Each City agrees to pay its percentage of the Shortfall to UIA 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 each City remits to UIA from Franchise Tax Revenues its share of said Shortfall pursuant to this Service Contract.

(b) Each City shall be obligated to pay its percentage of the Shortfall as provided in Exhibit D from Franchise Tax Revenues regardless of the amount of Service Fees payable by that City pursuant to Section 3.1 herein.

(c) Each City may create or incur additional debt on a parity with any outstanding debt secured by a priority lien pledge of that City's Franchise Tax Revenues or on parity with the pledge created pursuant to this Section 3.5 so long as the pledged Franchise Tax Revenues received by that City during the Fiscal Year immediately preceding the Fiscal Year in which the additional priority or

parity debt is to be issued is not less than 150% of the maximum annual debt service on the sum of (i) the additional priority or parity debt plus (ii) any debt previously issued and outstanding plus (iii) the total maximum annual amount pledged by the applicable City hereunder, tested for the period of such additional priority or parity debt.

(d) All Franchise Tax Revenues paid by a City to UIA or its designee pursuant to this Section 3.5 shall constitute a loan by that 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 E from its future UIA Revenues. Each City shall be entitled to interest on each loan advance from the date said advance is made by that City to UIA or its designee, at a rate of six percent (6%) per annum, unless a lesser interest rate is set forth in the executed promissory note for said loan. Each City acknowledges that the loan obligation incurred by UIA herein shall be subordinate and junior to UIA's other payment obligations.

**Section 3.6 Succession Proceedings.** UIA or its designee shall have the right from time to time to begin and maintain successive proceedings against a City for the recovery of all Service Fees or Shortfalls required to be made under this Service Contract by that City and to recover the same upon the liability of that 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 Service Contract.

**Section 3.7 Discontinuance; Termination.** No discontinuance of any or all of the rights of a City to the Connection Services shall be construed as an election on the part of UIA or its designee to terminate the interest of that City under this Service Contract unless a notice of intention be given to that City or unless such termination be decreed at the instance of UIA or its designee by a court of competent jurisdiction.

**Section 3.8 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 each City hereunder, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of each City under the provisions of this Service Contract. Each 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 Service Contract.

**Section 3.9 No Exclusive Remedy.** No right or remedy herein conferred upon or reserved to UIA or its designee or any 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 any City to insist at any time upon the strict observance or performance by the other parties to this Service Contract of any of the provisions of this Service Contract, or to exercise any right or remedy provided for in this Service Contract, shall not impair any such right or remedy nor be construed as a waiver or relinquishment thereof for the future. Receipt by UIA or its designee of any Service Fees required to be made under this Service Contract with knowledge of the breach of any

DMWEST #7632944 v11

provisions of this Service Contract, shall not be deemed a waiver of such breach. In addition to all other remedies provided in this Service Contract, UJA or its designee or any 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 Service Contract, or to a decree concerning performance of any of the provisions of this Service 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 Service Contract in which it shall be determined that a City shall have failed and continued to fail to make a payment of Service Fees due under this Service Contract at the time of commencement thereof, said City shall pay UJA 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 a City to bring legal proceedings against UJA 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 UJA of all expenses incurred in connection therewith including, without limitation, reasonable attorneys' fees, and expenses.

**Section 3.10 Right of Designee to UJA to Exercise Remedies.** At any time the UJA or its designee is entitled to enforce any of the rights or remedies provided for in this Service Contract, and 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 UJA under this Service Contract, whether or not UJA 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 UJA hereunder shall also extend to its designee and the designee shall be entitled to the benefit of all covenants and agreements in this Service Contract contained.

**Section 3.11 Cities not Obligated for UJA Debt.** All obligations of UJA are payable solely by UJA and, in accordance with the provisions of the Act, are not a debt or other obligation of any of the Cities.

## ARTICLE IV

### APPROVAL AND PUBLICATION REQUIREMENTS

**Section 4.1 Submission to Authorized Attorney.** This Service 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 Service Contract shall be submitted for approval to the governing bodies of UIA and each City and to an authorized attorney for UIA and for each City who shall approve this Service 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.

**Section 4.3 Improvements Owned by UIA.** In accordance with the requirements of the Interlocal Act, as amended, it is agreed and understood that all real and personal property constituting the Improvements shall be acquired, owned, held, maintained, and disposed of by UIA.

## 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 Service 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 Service 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 Service 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 Service 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 Service Contract, and shall not be liable for any obligation of the other Cities hereunder.

Section 5.4 Liability Dedication. Nothing in this Service 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 Service Contract.

Section 5.5 Books and Records. UIA agrees that it shall maintain separate 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. UIA shall submit to each City such supporting data with respect to all Annual Budgets and yearly accounting reconciliations as are reasonably necessary to enable each City to effect proper accounting therefor. All books of account and accounting records of UIA shall be available for inspection and utilization by a duly authorized officer or designee of each 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 each 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 Service Contract is made subject to the terms and provisions of such licenses, permits and regulatory approvals, except that each City shall not be bound by any term or

DMWEST #7632944 v11



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. Each 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 obtaining the prior written consent of UIA.

**Section 5.7 Liabilities.** Each 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 or arising out of any obligations of the other Cities hereunder. 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 each City under this Service Contract.

**Section 5.8 Assignment.** Except for security purposes in connection with any obligations incurred by UIA, neither this Service Contract nor any part thereof shall be assigned by any Party without prior written consent of the others.

**Section 5.9 Furnishing Service to Others.** UIA, by entering into this Service 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.

**Section 5.11 Communications Enterprise.** Each City will operate and maintain 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 Cities to Charge and Collect City Revenues.** Each City hereby agrees to create a Communications Enterprise and to charge all end users within that City through its Communications Enterprise monthly fees in the amount set forth in Exhibit C attached hereto and incorporated herein for each connection to the Network in consideration for the Connection Service provided by the City. Each City shall establish such enforcement procedures as may be necessary to collect such fees. Said fees, when collected, shall be used by each City to pay its Service Fees under this Service Contract.

**Section 5.13 Cable Television Services and Public Telecommunications Services.** The Parties hereto acknowledge and represent that neither party, by entering into this Service 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, each City is paying for the full cost of providing the Connection Services received by it pursuant to this Service Contract.

Section 5.14 Entire Agreement. This Service 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 Service Contract shall be binding on the Parties unless executed in writing by the other Party. This Service Contract shall not be modified, supplemented, or otherwise affected by course of dealing.

Section 5.15 Amendments. This Service 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.

Section 5.16 Effective Date and Original Term. This Service Contract shall be effective as of the date hereof and shall continue in effect until April 1, 2041.

Section 5.17 Notice. Any notice, demand, or request provided for in this Service 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**  
2175 S. Redwood Road  
West Valley City, UT 84119

**Brigham City**  
20 North Main  
PO Box 1005  
Brigham City, Utah 84302  
Attn: Mayor

**Midvale City**  
655 West Center Street  
Midvale, Utah 84047  
Attn: Mayor

**Centerville City**  
250 North Main  
Centerville, Utah 84014  
Attn: Mayor

**Murray City**  
5025 South State Street  
PO Box 57520  
Murray, Utah 84157  
Attn: Mayor

**Layton City**  
437 North Wasatch Drive  
Layton, Utah 84041  
Attn: Mayor

**City of Orem**  
56 North State Street  
Orem, Utah 84057  
Attn: Mayor

**Lindon City**  
100 North State Street  
Lindon, Utah 84042

**West Valley City**  
3600 Constitution Avenue  
West Valley City, Utah 84119

DMWEST #7632944 v11

Attn: Mayor

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 Service Contract shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and assigns, and is made solely and specifically for their benefit. No other person shall have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Service Contract as a third-party beneficiary or otherwise.

Section 5.19 Governing Law. This Service Contract shall be interpreted, governed by, and construed under the laws of the State of Utah.

Section 5.20 Execution in Counterparts. This Service 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 Service 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX D**  
**FORM OF OPINION OF BOND COUNSEL**

*Upon the issuance of the Series 2023 Bonds, Gilmore & Bell, P.C., Bond Counsel to UIA, proposes to issue its approving opinion in substantially the following form.*

[Date of Issuance]

Utah Infrastructure Agency  
Murray, Utah

Zions Bancorporation, National Association  
Corporate Trust Department  
Salt Lake City, Utah

Re: Utah Infrastructure Agency \$\_\_\_\_\_ Tax-Exempt Telecommunications Revenue Bonds,  
Series 2023

We have acted as bond counsel to the Utah Infrastructure Agency (the “Issuer”), in connection with the issuance by the Issuer of its \$\_\_\_\_\_ Tax-Exempt Telecommunications Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to (a) a resolution of the Issuer adopted on August 14, 2023, and (b) a General Indenture of Trust dated as of December 1, 2017 (the “General Indenture”), as heretofore supplemented and amended and as further as supplemented by a Sixth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Sixth Supplemental Indenture” and together with the General Indenture, the “Indenture”), each between the Issuer and Zions Bancorporation, National Association, as trustee. The Series 2023 Bonds are being issued to (i) finance the acquisition, construction, and installation of advanced communication lines, equipment and improvements, refreshment of major electronics, and related improvements and facilities as part of a fiber optic advanced communications network; (ii) fund capitalized interest with respect to the Series 2023 Bonds; (iii) fund a debt service reserve account for the Series 2023 Bonds; and (iv) pay for costs of issuance of the Series 2023 Bonds.

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 2023 Bonds.

2. The Series 2023 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 2023 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 2023 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 2023 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 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds.

4. The interest on the Series 2023 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 2023 Bonds.

The rights of the holders of the Series 2023 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 THE 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 \$ \_\_\_\_\_ Tax-Exempt Telecommunications Revenue Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to a General Indenture of Trust dated as of December 1, 2017 (the “General Indenture”), as heretofore supplemented and amended and as further as supplemented by a Sixth Supplemental Indenture of Trust dated as of October 1, 2023 (the “Sixth Supplemental Indenture” and together with the General Indenture, the “Indenture”), each between the Agency and Zions Bancorporation, National Association, as 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 Bondholders of the Series 2023 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 2023 Bonds at the time the Series 2023 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 2023 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.

“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 (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](http://www.msrb.org) and [www.emma.msrb.org](http://www.emma.msrb.org) (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the Agency dated \_\_\_\_\_, 2023, relating to the Series 2023 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 2023 Bonds and required to comply with the Rule in connection with the offering of the Series 2023 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, 2023, 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:

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS:

–Revenue and Expense Details;

–Customer Concentration;

–Historical and Projected Debt Service Coverage on the Bonds [*but only as the same becomes historically available; update of projected debt service coverage not required*];

UIA:

– Financial Summaries and Budget:

THE UIA NETWORK:

– Intersection of UIA Network and UTOPIA Network:

– Combined UTOPIA/UIA Networks – Customers, Take-Rate and Churn Rate.

(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 2023 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 2023 Bonds or other material events affecting the tax status of the Series 2023 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 Agency, 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 2023 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 Agency 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 2023 Bonds;
- (v) Series 2023 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2023 Bonds;

(vii) Incurrence of a Financial Obligation of the Agency or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect Series 2023 Bond holders.

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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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: \_\_\_\_\_, 2023.

UTAH INFRASTRUCTURE AGENCY

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

ATTEST:

By: \_\_\_\_\_  
Secretary-Treasurer

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX F**  
**PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds are to be issued as fully-registered bonds 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 Bond certificate is to be issued for each series of the Series 2023 Bonds, each in the aggregate principal amount of such series, 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 Securities Exchange Act of 1934. 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 S&P Global Ratings’ rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. Neither DTCC nor the Underwriter makes any representation about such information. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 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 2023 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 the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 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 2023 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 2023 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2023 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 Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 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 shall be sent to DTC. If less than all of the Series 2023 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 Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to UIA 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 Series 2023 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 2023 Bonds are to 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 detail information from UIA or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners are to 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 Direct or Indirect Participant and not of DTC nor its nominee, the Paying Agent, or UIA, 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 UIA or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to UIA. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

UIA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2023 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 sources that UIA believes to be reliable, but UIA takes no responsibility for the accuracy thereof.*





Printed by: ImageMaster, LLC  
[www.imagemaster.com](http://www.imagemaster.com)