
OFFICIAL NOTICE OF BOND SALE
and
PRELIMINARY OFFICIAL STATEMENT



**Local Building Authority of
Unified Fire Service Area, Utah**

\$31,650,000*
Lease Revenue and Refunding Bonds, Series 2016

Electronic bids will be received up to 9:30:00 A.M., Mountain Daylight Time, via the **PARITY®** electronic bid submission system, on Wednesday, May 26, 2016.

* Preliminary; subject to change.

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OFFICIAL NOTICE OF BOND SALE
(Bond Sale To Be Conducted Electronically)

\$31,650,000*

**LOCAL BUILDING AUTHORITY OF
UNIFIED SERVICE AREA, UTAH
LEASE REVENUE AND REFUNDING BONDS
SERIES 2016**

Bids will be received electronically (as described under “PROCEDURES REGARDING ELECTRONIC BIDDING” below) by the Local Building Authority of Unified Fire Service Area, Utah (the “*Authority*”), via the PARITY[®] electronic bid submission system (“*PARITY*”), at 9:30:00 a.m., Salt Lake City time, on Wednesday, May 25, 2016, for the purchase (all or none) of \$31,650,000* aggregate principal amount of the Authority’s Lease Revenue and Refunding Bonds, Series 2016 (the “*2016 Bonds*”) pursuant to a General Indenture of Trust, dated as of August 1, 2008, as previously amended and supplemented, and as further amended and supplemented by a Third Supplemental Indenture of Trust, dated as of June 1, 2016 (collectively, the “*Indenture*”), each by and between the Authority and Zions Bank, a division of ZB, National Association, as trustee. The 2016 Bonds are to be payable from, and secured by, Base Rentals to be paid by the Unified Fire Service Area (the “*Service Area*”) pursuant to an annually renewable Master Lease Agreement, dated as of August 1, 2008, as previously amended and supplemented, and as further amended and supplemented by a Second Amendment to Master Lease, dated as of June 1, 2016 (collectively, the “*Lease*”), between the Authority (as lessor) and the Service Area (as lessee), as more fully described under “SECURITY” herein. The bids will be publicly reviewed and considered in public session held by the Authority on Thursday, May 26, 2016, at 8:30 a.m. MDT. Initially-capitalized terms used and not defined herein have the meanings assigned to such terms in the Preliminary Official Statement, dated the date hereof, relating to the 2016 Bonds and to which this Official Notice of Bond Sale is attached (the “*Preliminary Official Statement*”), or if not defined in such Preliminary Official Statement, then in the Indenture.

DESCRIPTION OF 2016 BONDS: The purpose of the issuance of the 2016 Bonds is to (i) finance the acquisition and construction of a fire station in Taylorsville City, Utah, and related improvements (the “*2016 Project*”, as further defined and described in the Preliminary Official Statement and the Indenture), (ii) refund in advance of their maturity a portion of the Authority’s currently outstanding Lease Revenue Bonds, Series 2008 (the “*2008 Refunded Bonds*”), (iii) provide capitalized interest on the 2016 Bonds, and (iv) pay costs of issuance of the 2016 Bonds and the refunding of the 2008 Refunded Bonds.

The 2016 Bonds will be dated as of the date of issuance and delivery thereof (anticipated to be Thursday, June 14, 2016), will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature (or be payable by sinking fund installment as described below) on April 1 of each of the years and in the principal amounts as follows:

* Preliminary; subject to change. See “Adjustment of Principal Amount of the 2016 Bonds” in this Official Notice of Bond Sale.

YEAR	PRINCIPAL AMOUNT ¹	YEAR	PRINCIPAL AMOUNT ¹
2018	\$ 225,000	2027	\$ 1,975,000
2019	1,400,000	2028	2,075,000
2020	1,425,000	2029	2,150,000
2021	1,500,000	2030	2,225,000
2022	1,550,000	2031	2,325,000
2023	1,625,000	2032	2,400,000
2024	1,700,000	2033	2,475,000
2025	1,800,000	2034	1,425,000
2026	1,900,000	2035	<u>1,475,000</u>
		TOTAL	\$31,650,000

TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION:

2016 Bonds scheduled to mature on one or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2016 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2016 BONDS: The Authority may adjust the aggregate principal amount of the 2016 Bonds by the amount necessary to properly size the issue so that the total amount available to the Authority will be approximately \$35,000,000, which is the amount necessary to provide for (i) payment of all costs of issuance payable by the Authority, (ii) an amount sufficient to pay capitalized interest on the 2016 Bonds until October 1, 2017, (iii) the amount necessary, together with other available moneys, to finance the cost of the 2016 Project and (iv) the amount necessary to provide for the refunding of the 2008 Refunded Bonds. The dollar amount of the price bid by the successful bidder may be changed as described herein but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the Authority will consider the bid as having been made for the adjusted amount of the 2016 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (*i.e.*, the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2016 Bonds to the public and the price to be paid to the Authority, by (b) the principal amount of the 2016 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above.

If the Authority elects to make such an adjustment, the amount of such adjustment will be allocated to increase or decrease the principal amount of the 2016 Bonds maturing on one or more of the above-designated maturity dates for the 2016 Bonds, all as determined by the Authority, with the advice of Zions Public Finance, Inc., the municipal advisor to the Authority (the "*Municipal Advisor*"). The Authority expects to advise the successful bidder as soon as possible, but expects no later than 10:30 a.m., Salt Lake City time, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2016 Bonds will be adjusted and the corresponding changes to the principal amount of the 2016 Bonds maturing on one or more of the above-designated maturity dates for the 2016 Bonds. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The Authority will consider the bid as having been made for the adjusted amount of the 2016 Bonds.

¹ Preliminary; subject to change. See caption "ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2016 BONDS" in this OFFICIAL NOTICE OF BOND SALE.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to the Municipal Advisor at fax number (801) 844-4484 within one-half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2016 Bonds and the amount received from the sale of the 2016 Bonds to the public that will be retained by the successful bidder as its compensation.

RATINGS: The Authority will, at its own expense, pay costs of issuance of the 2016 Bonds, including the fees of Moody's Investors Service, for rating the 2016 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

PURCHASE PRICE: The aggregate purchase price to be bid for the 2016 Bonds shall not be less than the principal amount of the 2016 Bonds (preliminarily estimated at \$31,650,000*). The final par amount of the bonds may be adjusted (either increased or decreased) as provided above under "ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2016 BONDS".

INTEREST RATES: Bidders must specify the rate of interest with respect to each maturity of Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of Bonds, but:

- (a) the highest interest rate bid for any of the 2016 Bonds shall not exceed 5.00% per annum;
- (b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;
- (c) no 2016 Bond shall bear more than one rate of interest;
- (d) interest shall be computed from the dated date of a 2016 Bond to its stated maturity date at the single interest rate specified in the bid for the 2016 Bonds of such maturity;
- (e) the same interest rate shall apply to all 2016 Bonds maturing at one time;
- (f) the purchase price must be paid in immediately available funds, and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;
- (g) any premium must be paid in the funds specified for the payment of the 2016 Bonds as part of the purchase price;
- (h) there shall be no supplemental interest coupons;
- (i) a zero percent (0%) interest rate may not be used; and
- (j) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2017.

* Preliminary; subject to change.

BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT: Zions Bank, a division of ZB, National Association, Salt Lake City, Utah, will be the trustee, paying agent and bond registrar for the 2016 Bonds. The Authority may remove any trustee, paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2016 Bonds are outstanding in book-entry form, the principal of and interest on the 2016 Bonds will be paid under the standard procedures of The Depository Trust Company (“DTC”).

REDEMPTION PROVISIONS: *Optional Redemption.* The 2016 Bonds maturing on or prior to April 1, 2025, are not subject to optional redemption prior to maturity. The 2016 Bonds maturing on or after April 1, 2026 are subject to redemption at the option of the Authority on October 1, 2025, or on any date thereafter prior to maturity, in whole or in part, from such maturities as may be selected by the Authority, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days’ prior written notice, at a redemption price equal to 100% of the principal amount of the 2016 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Extraordinary Redemption In The Event Of Damage, Destruction Or Condemnation. The 2016 Bonds are callable for redemption prior to maturity in whole on any date, if (i) the Projects or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of the Projects shall become apparent, or title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing and replacing the Projects, and (iii) the Service Area elects to discharge its obligation to repair and replace the Projects by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the Service Area with respect to the Projects under the Master Lease will terminate and the Service Area will have no further obligation for the payment of Base Rentals and Additional Rentals under the Indenture, and possession of the Projects shall be surrendered to the Authority and all right, title and interest of the Service Area and the Authority in any funds or accounts created under the Indenture (except for amounts held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents may, subject to the limitations of the Indenture, be foreclosed and the Authority’s interest in the Projects liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be proportionally applied to the redemption of the Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Such redemption of the 2016 Bonds shall be made upon payment of the principal amount of the 2016 Bonds then Outstanding, plus accrued interest thereon, all in accordance with the Indenture. In the event there are moneys remaining in the Bond Fund after payment in full of all Bonds of said Series issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the Service Area. *In the event that the 2016 Bonds are redeemed subsequent to the occurrence of an event described in this paragraph by payment of an amount less than the outstanding principal amount thereof and accrued interest to the redemption date, no further claim for payment may be had by the holders of the 2016 Bonds against the Authority, the Service Area or the Trustee.*

SECURITY: The principal of, and premium (if any) and interest on, the 2016 Bonds are payable from, and secured by, annually renewable Base Rentals to be paid by the Lessee pursuant to the Master Lease, subject to annual appropriation by the Board of Trustees of the Service Area of amounts sufficient to pay such Base Rentals and certain other amounts payable under the Lease. The 2016 Bonds are also payable from certain funds and accounts held under the Indenture.

The obligation of the Service Area to pay Base Rentals and other amounts under the Lease is annually renewable as provided therein. Neither the obligations of the Service Area to make such payments nor the 2016 Bonds will constitute a debt of the Authority, the Service Area or any political subdivision of the State of Utah (the “State”). Neither the issuance of the 2016 Bonds nor the execution and delivery of the Lease directly or contingently obligate the Service Area or any political subdivision of the State to appropriate any money to pay Rentals under the Lease or to pay any Rentals beyond those appropriated for the then current fiscal year of the Service Area. The 2016 Bonds do not constitute an indebtedness within the meaning of any State constitutional or statutory debt limitation or restriction.

Debt Service Reserve Fund. The 2016 Bonds will not be secured by a debt service reserve fund.

AWARD: Award or rejection of bids will be made electronically via PARITY on Wednesday, May 25, 2016. The 2016 Bonds will be awarded to the responsible bidder offering to pay a purchase price as set forth above under the caption, “PURCHASE PRICE,” and specifying a rate or rates of interest that result in the lowest true interest cost (“TIC”) to the Authority. True interest cost for the 2016 Bonds shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the 2016 Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the 2016 Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above.

PROCEDURES REGARDING ELECTRONIC BIDDING: No bid will be accepted unless the Authority has determined that such bidder has provided the required good faith deposit, as described under “GOOD FAITH DEPOSIT” below.

A prospective bidder must communicate its bid for the 2016 Bonds electronically via PARITY on or before 9:30:00 a.m., Salt Lake City time, on Wednesday, May 25, 2016. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this OFFICIAL NOTICE OF BOND SALE, the terms of this OFFICIAL NOTICE OF BOND SALE shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, (801) 844-7373, or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5021.

For purposes of PARITY, the time as maintained by PARITY shall be the official time.

Each prospective bidder shall be solely responsible to register to bid via PARITY as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this OFFICIAL NOTICE OF BOND SALE. Neither the Authority nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Authority nor i-Deal LLC shall be responsible for a bidder’s failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY. The Authority is using PARITY as a communication mechanism, and not as the Authority’s agent, to conduct the electronic bidding for the 2016 Bonds.

NOTIFICATION: The Municipal Advisor, on behalf of the Authority, will notify the apparent successful bidder (electronically via PARITY) as soon as possible after the Authority’s receipt of bids, that such bidder’s bid appears to be the best bid received which conforms to the requirements of this OFFICIAL NOTICE OF BOND SALE, subject to verification and confirmation to be delivered as described

above. The Authority's acceptance of the winning bid shall be made electronically to the successful bidder via PARITY within the time described under "PROMPT AWARD" below.

FORM OF BID: Each bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the purchase price (which shall comply with the purchase price requirements set forth above under the caption "PURCHASE PRICE") at which the bidder will purchase the 2016 Bonds. Each bid must be for all the 2016 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2016 Bonds represented on a TIC basis, as described under "AWARD" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission, or in any other medium or on any system other than by means of PARITY; *provided, however*, that in the event a prospective bidder cannot access PARITY through no fault of its own, it may so notify the Municipal Advisor at (801) 844-7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at (801) 844-7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at (801) 844-4484, in either case before 9:30:00 a.m., Salt Lake City time, on Wednesday, May 25, 2016. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY shall constitute the official time.

Each bid submitted as provided in the preceding sentence must specify: (a) an offer to purchase not less than all of the 2016 Bonds; and (b) the lowest rate of interest at which the bidder will purchase the 2016 Bonds at a price satisfying the requirements set forth above under the caption, "PURCHASE PRICE." The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to an official of the Authority. Neither the Authority, nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Authority or its Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Authority or its Municipal Advisor prior to 11:00 a.m., Mountain Daylight Time, on Wednesday, May 25, 2016.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2016 Bonds if the Authority shall fail to execute the 2016 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$325,000 (the "*Deposit*") is required only from the successful bidder. The Deposit shall be payable to the order of the Authority in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m. Salt Lake City time, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the Authority, with its bid. If a check is used, it must recede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Authority shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2016 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the Authority's risk) in obligations that mature at or before the delivery of the 2016 Bonds as described under the caption "MANNER AND TIME OF DELIVERY" below, until disposed of as follows: (a) at such

delivery of the 2016 Bonds and upon compliance with the successful bidder's obligation to take up and pay for the 2016 Bonds, the full amount of the Deposit held by the Authority, without adjustment for interest, shall be applied toward the purchase price of the 2016 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the Authority; and (b) if the successful bidder fails to take up and pay for the 2016 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Authority as liquidated damages.

SALE RESERVATIONS: The Authority reserves the right (1) to waive any irregularity or informality in any bid or in the electronic bidding process; (2) to reject any and all bids for the 2016 Bonds; and (3) to resell the 2016 Bonds as provided by law.

PROMPT AWARD: The Authority will take action awarding the 2016 Bonds or rejecting all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

MANNER AND TIME OF DELIVERY: The successful bidder will be given at least seven (7) business days' advance notice of the proposed date of the delivery of the 2016 Bonds when that date has been determined. It is estimated that the 2016 Bonds will be delivered in book-entry form on or about Tuesday, June 14, 2016. The 2016 Bonds will be delivered as a single bond certificate for each maturity of the 2016 Bonds, registered in the name of DTC or its nominee. The Bond certificates will be delivered to the bond registrar in Salt Lake City, Utah, except that the successful bidder may at its option and expense designate some other place of execution, that expense to include travel expenses of two Authority officials and closing expenses. The successful bidder must also agree to pay for the 2016 Bonds in federal funds that will be immediately available to the Authority in Salt Lake City, Utah on the day of delivery.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the 2016 Bonds, but neither the failure to print such numbers on any 2016 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2016 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 2016 Bonds shall be paid for by the Authority.

TAX STATUS: In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the Authority's and the Service Area compliance with certain covenants, under present law, interest on any Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the 2016 Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds. Ownership of the 2016 Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. In rendering such opinion on tax exemption, Bond Counsel will be relying on the mathematical computation of the yield on the 2016 Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2016 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such

collateral consequences arising with respect to the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

ISSUE PRICE: In order to enable the Authority to comply with certain conditions of the Code, the successful bidder will be required to provide a certificate as to the “issue price” of the 2016 Bonds. Each bidder, by submitting its bid, agrees to complete, execute and deliver such certificate, in the form of Certificate of Purchaser attached hereto as *Annex A* and otherwise in form and substance satisfactory to Bond Counsel, by the date of delivery of the 2016 Bonds, if its bid is accepted by the Authority. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, make such investigation or otherwise ascertain the facts necessary to make such certification. Any questions regarding the certificate should be directed to Chapman and Cutler LLP, Bond Counsel, 215 South State Street, Suite 800, Salt Lake City, Utah 84111, (801) 536-1426; bjerke@chapman.com.

LEGAL OPINION AND CLOSING CERTIFICATES: The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the 2016 Bonds will be furnished to the successful bidder. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2016 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2016 Bonds.

DISCLOSURE CERTIFICATE: The closing papers will include a certificate executed by an officer of the Authority, confirming to the successful bidder that, to the best of the knowledge and belief of the signer thereof, and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2016 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (b) the final Official Statement (the “*Official Statement*”) did not as of its date and does not at the time of the delivery of the 2016 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, should the Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the Official Statement shall relate to the Official Statement as so supplemented or amended.

CONTINUING DISCLOSURE: The Authority or the Service Area will enter into a written agreement or contract, constituting an undertaking (the “*Undertaking*”) to provide ongoing disclosure about the Service Area for the benefit of the beneficial owners of the 2016 Bonds on or before the date of delivery of the 2016 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed upon in writing by the successful bidder.

The successful bidder’s obligation to purchase the 2016 Bonds shall be conditioned upon the delivery of the Undertaking on or before the date of delivery of the 2016 Bonds.

DELIVERY OF COPIES OF FINAL OFFICIAL STATEMENT: The Authority shall deliver to the successful bidder on such business day as directed in writing by the successful bidder, which is not earlier than the second business day or later than the seventh business day after the award of the 2016 Bonds as described under the caption “AWARD” above, electronic copies of the Official Statement so as to enable the successful bidder to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2016 Bonds, if any event relating to or affecting the Authority shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a prospective purchaser, the Authority shall, for so long as the successful bidder is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder such information with respect to itself as the successful bidder deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

MUNICIPAL ADVISOR: The Authority has entered into an agreement with the Municipal Advisor under which the Municipal Advisor provides financial recommendations and guidance to the Authority with respect to preparation for sale of the 2016 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2016 Bonds.

WAIVER OF CONFLICTS: By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the Authority in the 2016 Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does, consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the Authority in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

ADDITIONAL INFORMATION: For copies of this OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor at One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, (801) 844-7373; fax: (801) 844-4484; johnathan.ward@zionsbank.com or eric.pehrson@zionsbank.com. The Preliminary Official Statement (including this Official Notice of Bond Sale) is also available at <http://www.idealprospectus.com/> and <http://www.fmhub.com>.

DATED this 11th day of May, 2016.

LOCAL BUILDING AUTHORITY OF UNITED FIRE
SERVICE AREA

By _____
President

ANNEX A

CERTIFICATE OF PURCHASER

[TO BE DATED THE CLOSING DATE]

I, the undersigned am an officer of _____ (the "*Purchaser*"), and as such officer I hereby certify as follows:

I. General

1. On May __, 2016 (the "*Sale Date*") the Purchaser purchased the \$_____ aggregate principal amount of Lease Revenue and Refunding Bonds, Series 2016 (the "*2016 Bonds*") of the Local Building Authority of Unified Fire Service Area, Utah (the "*Issuer*"), by submitting electronically an "Official Bid Form" responsive to an "Official Notice of Sale" and having its bid accepted by the Issuer. The Purchaser has not modified the terms of the purchase since the Sale Date.

2. All of the Bonds have been offered in a bona fide initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) (the "*Public*").

II. Price

1. With respect to each of the maturities of the 2016 Bonds:

A. All of the 2016 Bonds of each maturity were offered to the Public at the price for such maturity as shown on or corresponding to the yield on the inside cover page of the official statement, dated _____, 2016 and related to the 2016 Bonds (the "*Price*").

B. Based upon our assessment of then prevailing market conditions, the Price for the 2016 Bonds of each maturity was not less than the fair market value to the Public of the 2016 Bonds of each maturity as of the Sale Date.

C. The first sale to the Public of an amount of 2016 Bonds of each maturity equal to ten percent or more of each maturity of the 2016 Bonds (the "*First Substantial Block*") was at the Price.

D. No 2016 Bonds of any maturity were sold at a price higher than the Price before the First Substantial Block of 2016 Bonds of a maturity was sold to the Public at the Price.

E. As of the Sale Date, the Purchaser had no expectations that 2016 Bonds of any maturity would be sold at a price higher than the Price before the First Substantial Block of 2016 Bonds of a maturity would be sold to the Public at the Price.

All terms not defined herein shall have the same meanings as in the Tax Exemption Certificate and Agreement with respect to the 2016 Bonds, to which this Certificate is attached. Expectations as of the Sale Date are limited to expectations as of the time that the bond purchase agreement was executed by the Purchaser.

Very truly yours,

[PURCHASER]

By _____
Its _____

PRELIMINARY OFFICIAL STATEMENT



Local Building Authority of Unified Fire Service Area, Utah

\$31,650,000*

Lease Revenue and Refunding Bonds, Series 2016

payable from lease payments to be made, subject to annual appropriation by

Unified Fire Service Area, Utah

pursuant to a Master Lease Agreement, as amended and supplemented

On Wednesday, May 25, 2016 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the **PARITY**® electronic bid submission system. See the "OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding."

The 2016 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Local Building Authority of Unified Fire Service Area, Utah (the "Authority"), to be adopted on Thursday, May 26, 2016.

The Authority has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2016 Bonds as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2016 Bonds contact the Municipal Advisor:



**Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com**

This PRELIMINARY OFFICIAL STATEMENT is dated May 11, 2016, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED MAY 11, 2016

NEW ISSUE

Ratings: Moody's "Aa2"

See "MISCELLANEOUS—Bond Ratings" herein.

Subject to compliance by the Authority and the Service Area with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purpose and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX EXEMPTION" herein.



Local Building Authority of Unified Fire Service Area, Utah

\$31,650,000* Lease Revenue and Refunding Bonds, Series 2016, payable from lease payments to be made, subject to annual appropriation by Unified Fire Service Area, Utah pursuant to a Master Lease Agreement, as amended and supplemented

The \$31,650,000* Lease Revenue and Refunding Bonds, Series 2016, are issued by the Authority as fully-registered bonds and, when initially issued, will be in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable April 1 and October 1 of each year, commencing April 1, 2017) are payable by Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2016 BONDS—Book-Entry System" herein.

The 2016 Bonds are subject to optional redemption prior to maturity; may be subject to mandatory sinking fund redemption at the option of the successful bidder(s); and are subject to extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation to the Projects) prior to maturity. See "THE PROJECTS" and "THE 2016 BONDS—Redemption Provisions For The 2016 Bonds" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2016 Bonds are being issued for the purpose of refunding certain lease revenue bonds issued by the Authority; financing the acquisition and construction of a fire station in Taylorsville City, Utah and related improvements; paying capitalized interest; and paying the costs associated with the issuance of the 2016 Bonds. See "THE 2016 BONDS—Estimated Sources And Uses Of Funds" and "—Plan Of Refunding" herein. The 2016 Bonds and certain Prior Parity Bonds previously issued by the Authority will be equally and ratably secured under the Indenture.

Under the Master Lease, the Service Area has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2016 Bonds and the other bonds issued under the Indenture coming due in each year, but only if and to the extent that the Board of Trustees of the Service Area annually appropriates funds sufficient to pay the base rentals coming due during each renewal term of the Master Lease plus such Additional Rentals as are necessary to operate and maintain the Projects. The Master Lease specifically provides that nothing therein shall be construed to require the Service Area to appropriate any moneys to pay the Rentals thereunder and the Service Area shall not be obligated to pay such Rentals except to the extent appropriated. *The 2016 Bonds are special limited obligations of the Authority payable solely from Rentals paid by the Service Area. The obligation of the Service Area to pay any Rentals is subject to annual appropriations by the Board of Trustees of the Service Area as provided in the Master Lease. Neither the obligation of the Service Area to pay such Rentals nor the obligation of the Authority to pay the 2016 Bonds will constitute a debt of the State of Utah, the Service Area or any political subdivision of the State of Utah. The issuance of the 2016 Bonds does not directly or contingently obligate the Service Area to pay any Rentals. The Authority has no taxing power.*

The purchase of the 2016 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Certain of such risks are described under "RISK FACTORS" herein.

Dated: Date of Delivery¹

Due: April 1, as shown on inside cover

See the inside front cover for the maturity schedule of the 2016 Bonds.

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on Wednesday, May 25, 2016, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated May 11, 2016).

Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.

This OFFICIAL STATEMENT is dated May __, 2016, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of delivery is Tuesday, June 14, 2016.

Local Building Authority of Unified Fire Service Area, Utah

\$31,650,000*

Lease Revenue and Refunding Bonds, Series 2016

Dated: Date of Delivery¹

Due: April 1, as shown below

<u>Due April 1*</u>	<u>CUSIP® 795717</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2018.....		\$ 225,000		
2019.....		1,400,000		
2020.....		1,425,000		
2021.....		1,500,000		
2022.....		1,550,000		
2023.....		1,625,000		
2024.....		1,700,000		
2025.....		1,800,000		
2026.....		1,900,000		
2027.....		1,975,000		
2028.....		2,075,000		
2029.....		2,150,000		
2030.....		2,225,000		
2031.....		2,325,000		
2032.....		2,400,000		
2033.....		2,475,000		
2034.....		1,425,000		
2035.....		1,475,000		

\$ _____ % Term Bond due April 1, 20__—Price of _____ %
(CUSIP® 795717 __)

* Preliminary; subject to change.

¹ The anticipated date of delivery is Tuesday, June 14, 2016.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2016 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority; the Service Area; Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah (as Trustee, Bond Register and Paying Agent); Zions Public Finance Inc., Salt Lake City, Utah (as Municipal Advisor); or any other entity. All information contained herein has been obtained from the Authority, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Authority, since the date hereof.

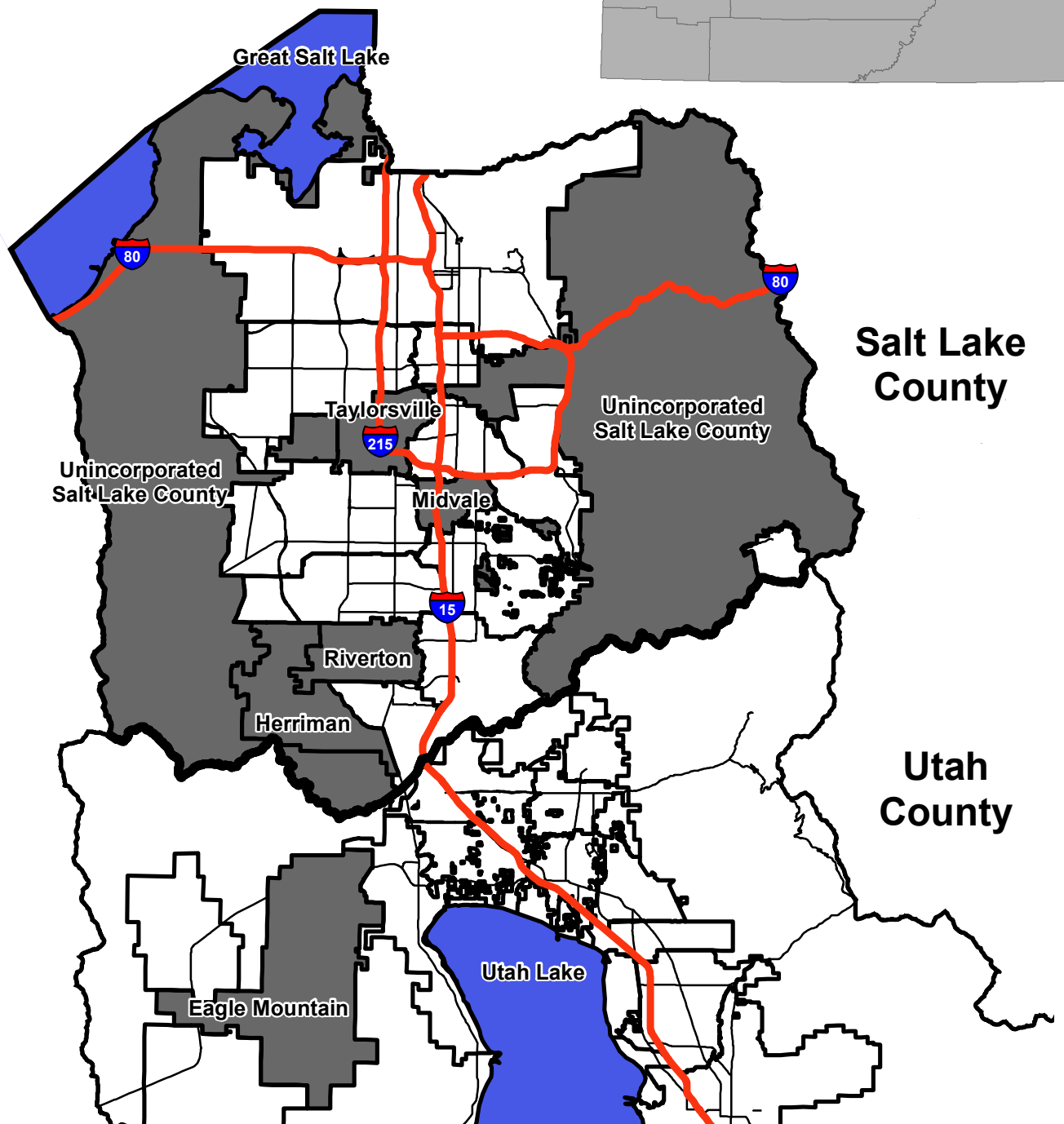
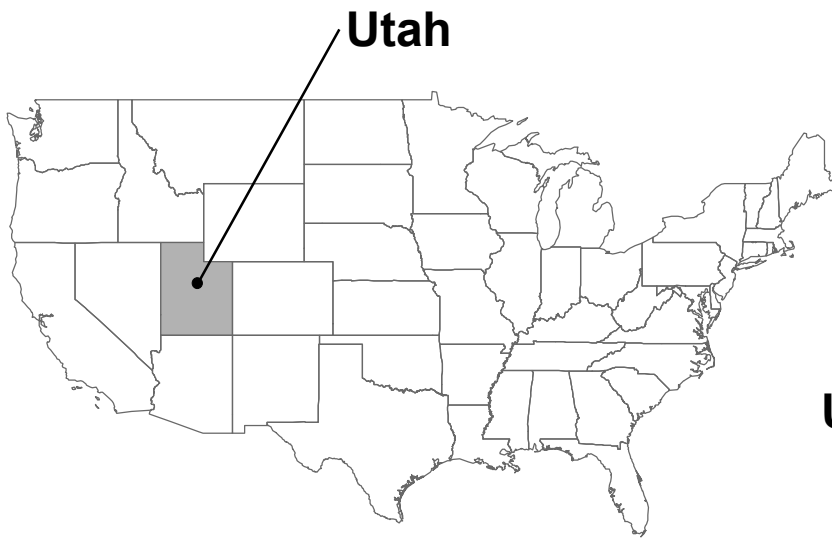
The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2016 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2016 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2016 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2016 Bonds to dealers and others. In connection with the offering of the 2016 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallotments in connection with the purchase of 2016 Bonds, the purchase of 2016 Bonds to stabilize their market price and the purchase of 2016 Bonds to cover the successful bidders(s)' short positions. Such transactions, if commenced, may be discontinued at any time.

Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2016 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

The information available at Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.



OFFICIAL STATEMENT RELATED TO THE

Local Building Authority of Unified Fire Service Area, Utah

\$31,650,000* Lease Revenue and Refunding Bonds, Series 2016

payable from lease payments to be made, subject to annual appropriation by

Unified Fire Service Area, Utah

pursuant to a Master Lease Agreement, as amended and supplemented

INTRODUCTION

This introduction is only a brief description of the 2016 Bonds, as hereinafter defined, and the security and source of payment for the 2016 Bonds. 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, as well as of the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—BASIC DOCUMENTATION;” “APPENDIX B—FINANCIAL REPORT OF UNIFIED FIRE SERVICE AREA, UTAH FOR FISCAL YEAR 2014;” “APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL;” “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX E—BOOK-ENTRY SYSTEM.”

This OFFICIAL STATEMENT also includes summaries of the terms of the 2016 Bonds, the Indenture, the Master Lease and the Security Documents (all as more fully defined hereinafter). All references herein to the Indenture and the Master Lease, are qualified in their entirety by reference to such documents and references herein to the 2016 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Indenture, copies of which are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” below. Descriptions of the Indenture, the Master Lease, the Security Documents, and the 2016 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

When used herein the terms “Fiscal Year[s]” or “Fiscal Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capital-

* Preliminary; subject to change.

ized terms used but not otherwise defined herein have the same meaning as given to them in the Master Lease and the Indenture. See “APPENDIX A—BASIC DOCUMENTATION—DEFINITIONS.”

The 2016 Bonds; The Local Building Authority Of Unified Fire Service Area, Utah

This OFFICIAL STATEMENT, including the cover page, introduction and Appendices (the “OFFICIAL STATEMENT”), provides information in connection with the issuance and sale of \$31,650,000* aggregate principal amount of Lease Revenue and Refunding Bonds, Series 2016 (the “2016 Bonds” or “2016 Bond”), by the Local Building Authority of Unified Fire Service Area, Utah (the “Authority”).

The Authority is a nonprofit corporation incorporated, organized and existing pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated (the “Utah Code”) 1953, as amended (the “Nonprofit Corporation Act”) and as provided in the Utah Local Building Authority Act, Title 17D, Chapter 2, Utah Code (the “Building Authority Act” and together with the Nonprofit Corporation Act, the “Acts”). The Authority was created pursuant to a resolution adopted by the Board of Trustees (the “Board of Trustees of the Service Area”) of the Unified Fire Service Area, Utah (the “Service Area”) for the purpose of acquiring, improving or extending one or more projects on behalf of the Service Area pursuant to the Building Authority Act. *In March 2013, the Authority changed its name from “Local Building Authority of Salt Lake Valley Fire Service Area, Utah” to “Local Building Authority of Unified Fire Service Area”.* See “LOCAL BUILDING AUTHORITY OF UNIFIED FIRE SERVICE AREA, UTAH” below.

Unified Fire Service Area, Utah

The Service Area was created in January 2004, to provide for essential fire protection, emergency medical, and related functions and services in and to the unincorporated areas of Salt Lake County, Utah (the “County”), including the unincorporated areas within the County area known as Copperton Township, Emigration Township, Kearns Township, Magna Township, Millcreek Township, White City Township, Parleys Canyon, Big Cottonwood Canyon, Little Cottonwood Canyon, and Rose Canyon. The Service Area began providing such services in July 2004. The municipalities of Herriman City, Riverton City, Midvale City, Taylorsville City (all located in the County) and Eagle Mountain City (located in Utah County) have also annexed into the Service Area. See the location map of the Service Area above. *In March 2013, the Service Area changed its name from “Salt Lake Valley Fire Service Area” to the “Unified Fire Service Area” to better reflect the geographical scope of its jurisdiction.*

Using 2014 U.S. Census Bureau data the Service Area estimates its population at approximately 335,000. The Service Area’s office is located in Salt Lake City, Utah and maintains a Web site at <http://unifiedfireservicearea.com/>. See “UNIFIED FIRE SERVICE AREA, UTAH” below.

Authorization For And Purpose Of The 2016 Bonds; The Indenture; Prior Parity Bonds; Master Lease

Authorization for and Purpose of the 2016 Bonds; The Indenture. The 2016 Bonds are being issued pursuant to (i) the Acts and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code; (ii) certain authorizing resolutions adopted by the Authority and the Service Area (the “Resolutions”); and (iii) a General Indenture of Trust dated as of August 1, 2008, as previously amended and supplemented (the “General Indenture of Trust”) and as further supplemented and amended by a Third Supplemental Indenture of Trust, dated as of June 1, 2016 (the “Third Supplemental Indenture” and together with the General Indenture of Trust, the “Indenture”), each between the Authority and Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, as trustee (the “Trustee”).

* Preliminary; subject to change.

The 2016 Bonds are being issued for the purpose of refunding the 2008 Refunded Bonds (as defined herein); financing the acquisition and construction of a fire station in Taylorsville City, Utah and related improvements (the “2016 Project”); paying capitalized interest; and paying the costs associated with the issuance of the 2016 Bonds. See “THE 2016 BONDS—Estimated Sources And Uses Of Funds” and “—Plan Of Refunding” and “THE PROJECTS” below. The 2016 Bonds and certain Prior Parity Bonds (as defined herein) previously issued by the Authority will be equally and ratably secured under the Indenture.

The land upon which the 2016 Project will be located is owned by the Service Area (the “2016 Project Site”). The 2016 Project Site will be ground leased by the Service Area to the Authority pursuant to a Ground Lease Agreement dated as of June 1, 2016 between the Service Area and the Authority (the “2016 Ground Lease”). The 2008 Project (as defined herein) and the 2016 Project, and any additional projects constructed by the Authority under the Indenture, are collectively referred to herein as the “Projects.” For more detailed information concerning the Projects, see “THE PROJECTS—The Projects” below.

Prior Parity Bonds. The Authority has outstanding under the Indenture its \$32,950,000 (original principal amount), Lease Revenue Bonds, Series 2008, dated August 14, 2008, currently outstanding in the aggregate principal amount of \$28,160,000 (the “2008 Bonds” and the “Prior Parity Bonds”) (it is anticipated that certain proceeds of the 2016 Bonds will be used to call and retire portions of the 2008 Bonds, as described herein). After giving effect to the refunding of the 2008 Bonds, the Authority expects that the outstanding aggregate principal amount of these Prior Parity Bonds will be \$3,175,000* on Tuesday, June 14, 2016, the expected delivery date of the 2016 Bonds.

The 2016 Bonds will be issued on a parity basis, and will be equally and ratably secured under the Indenture with the Prior Parity Bonds and any Refunding Bonds and any Additional Bonds (described herein), which may be issued from time to time under the Indenture. Any such Refunding Bonds and Additional Bonds hereafter issued are sometimes collectively referred to herein as the “Additional Parity Bonds.” *The 2016 Bonds, the Prior Parity Bonds and any Additional Parity Bonds issued under the Indenture are sometimes collectively referred to herein as the “Bonds.”* See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds—Additional Parity Bonds” below and “APPENDIX A—BASIC DOCUMENTATION—THE GENERAL INDENTURE OF TRUST—Additional Parity Bonds.”

Master Lease. The Authority has leased the Projects to the Service Area, pursuant to a Master Lease Agreement dated as of August 1, 2008, as heretofore amended and supplemented and as further amended and supplemented by a Second Amendment to Master Lease Agreement dated as of June 1, 2016 (collectively, the “Master Lease”).

Security For The Bonds; Cross Collateralization

Security for the Bonds. The 2016 Bonds are limited obligations of the Authority payable on a parity with the Prior Parity Bonds, solely from the revenues and other amounts received pursuant to the Master Lease and other funds or amounts held by the Trustee pursuant to the Indenture as security for the 2016 Bonds, subject to certain limitations. See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds” below.

The Service Area has agreed to make payments pursuant to the Master Lease in stated amounts which are sufficient to pay the principal of and interest on the 2016 Bonds when due (the “Base Rentals”), but only if and to the extent that the Board of Trustees of the Service Area has appropriated funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) of the Master Lease plus such additional amounts as are necessary to operate and maintain the Projects during

* Preliminary; subject to change.

such period (the “Additional Rentals” and collectively, with the Base Rentals, the “Rentals”). The Master Lease specifically provides that nothing therein shall be construed to require the Board of Trustees of the Service Area to appropriate any money to pay any Rentals thereunder and that neither the Service Area nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. *Neither the obligation of the Service Area to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2016 Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the Service Area. The issuance of the 2016 Bonds does not directly or contingently obligate the Service Area to pay any Rentals beyond those appropriated for the Service Area’s then current Fiscal Year. The Authority has no taxing power.* See “RISK FACTORS” and “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds” below.

In addition, the Authority has assigned all of its rights and interest in the 2016 Project pursuant to an Assignment of Ground Lease, dated as of June 1, 2016 and a Deed of Trust, dated as of June 1, 2016 (collectively, the “Security Documents”) for the equal and proportionate benefit of the owners of Bonds (the “Bondowners”), subject to the release of a Project or portions thereof upon the terms and conditions described under “THE PROJECTS—Release Of A Project Upon Payment Of Related Series Of Bonds” below.

Cross Collateralization. The Indenture and Security Documents create a lien on and a security interest in the Projects for the benefit of the Registered Owners (as defined herein) of the Bonds. Except with respect to extraordinary redemption in the event of damage, destruction, or condemnation (as described under “THE 2016 BONDS—Redemption Provisions For The 2016 Bonds—Extraordinary Redemption In The Event Of Damage, Destruction Or Condemnation”), the Projects are cross-collateralized pursuant to the terms of the Indenture and Security Documents in that the Service Area may not elect to appropriate with respect to one Project and not appropriate with respect to another Project without an Event of Non-appropriation occurring under the Master Lease. See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds” and “THE PROJECTS—Cross—Collateralization” below.

Redemption For The 2016 Bonds

The 2016 Bonds are subject to optional redemption prior to maturity; may be subject to mandatory sinking fund redemption at the option of the successful bidder(s); and are subject to extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation to the Projects) prior to maturity. See “THE 2016 BONDS—Redemption Provisions For The 2016 Bonds” and “—Mandatory Sinking Fund Redemption At Bidder’s Option” and “THE PROJECTS” below.

Tax Matters Regarding The 2016 Bonds

Subject to compliance by the Authority and the Service Area with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See “TAX EXEMPTION” below for a more complete discussion.

Professional Services

In connection with the issuance of the 2016 Bonds, the following have served the Authority in the capacity indicated:

*Trustee, Bond Registrar, Paying Agent
and Escrow Agent*

Zions Bank a division of ZB National Association
Zions Bank Building
Corporate Trust Department
One S Main St 12th Fl
Salt Lake City UT 84133
801.844.7561 | f 801.547.5637
david.vanwagoner@zionsbank.com

Bond Counsel and Disclosure Counsel

Chapman and Cutler LLP
215 S State St Ste 800
Salt Lake City UT 84111-2266
801.536.1426 | f 801.533.9595
bjjerke@chapman.com

Municipal Advisor

Zions Public Finance Inc
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
johnathan.ward@zionsbancorp.com

Conditions Of Delivery, Anticipated Date, Manner And Place Of Delivery For The 2016 Bonds

The 2016 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed on for the Authority and the Service Area by Chief Legal Officer, Karl L. Hendrickson. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Authority by Chapman and Cutler LLP. It is expected that the 2016 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about Tuesday, June 14, 2016.

Risks Inherent In The Ownership Of The 2016 Bonds

The purchase of the 2016 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2016 Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain investment risks are described under “RISK FACTORS” below.

Continuing Disclosure Undertaking

The Service Area will enter into a continuing disclosure undertaking for the benefit of the Owners of the 2016 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the Service Area, the 2016 Bonds, the Indenture and the Master Lease are included in this OFFICIAL STATEMENT. Such descriptions do not purport to

be comprehensive or definitive. All references herein to the Indenture and the Master Lease are qualified in their entirety by reference to such documents, and references herein to the 2016 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, the Master Lease and the information with respect thereto included in the aforementioned documents, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the 2016 Bonds.

Descriptions of the Indenture, the Master Lease and the 2016 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. See “APPENDIX A—BASIC DOCUMENTATION”. The “basic documentation” which includes the Resolutions, the closing documents for the 2016 Bonds, the Indenture, the Master Lease and other documentation, authorizing the issuance of the 2016 Bonds and establishing the rights and responsibilities of the Authority, the Service Area and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah (the “Municipal Advisor”) as Municipal Advisor to the Authority:

Johnathan Ward, Vice President, johnathan.ward@zionsbancorp.com
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance, Inc.
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Authority and the Service Area concerning the 2016 Bonds is:

Tony Hill, Chief Financial Officer, thill@ufa-slco.org

Unified Fire Service Area
3380 S 900 W
Salt Lake City UT 84119
801.743.7200 | f 801.743.7286

CONTINUING DISCLOSURE UNDERTAKING

Continuing Disclosure Undertaking For 2016 Bonds

The Service Area (as an “obligated person” to the Authority) will enter into a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2016 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the form of Disclosure Undertaking in “APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Based on the Disclosure Undertaking the Service Area will submit its annual financial report (Fiscal Year Ending December 31) and other operating and financial information on or before July 31 (not more than seven months from the end of the Fiscal Year). The Service Area will submit the financial report for Fiscal Year 2015 and other required operating and financial information for the 2016 Bonds on or before July 31, 2016, and annually thereafter on or before each July 31.

A failure by the Service Area to comply with the Disclosure Undertaking will not constitute a default under the Master Lease or Indenture and the Beneficial Owners of the 2016 Bonds are limited to the remedies described in the Disclosure Undertaking. A failure by the Service Area to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2016 Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Disclosure Undertaking complies with the requirements of the Rule.

Notice Of Failure To Disclose Historical Operating Information; Failure To Disclose Material Event Notice Related To A Rating Change; Current Filings

Notice of Failure to Disclose Historical Operating Information. The Service Area as an obligated person to the Authority previously entered into a disclosure undertaking for the 2008 Bonds (base CUSIP® 795717) (the “2008 Disclosure Undertaking”).

On July 29, 2011 through July 29, 2013 (July 29 being the Service Area’s due date for annual continuing disclosure submission under the 2008 Disclosure Undertaking), the Service Area provided its prior years Fiscal Year financial reports but failed to provide its “annual operating information” pursuant to the 2008 Disclosure Undertaking.

The Service Area submitted the required annual operating information on March 21, 2014 (from July 29, 2011 (being 966 days late); from July 29 2012 (being 600 days late); from July 29, 2013 (being 235 days late)) and notified the Municipal Securities Rulemaking Board (“MSRB”) by filing with EMMA of these failures to comply with its 2008 Disclosure Undertaking.

Failure to Disclose Material Event Notice Related to a Rating Change. On December 17, 2012, Fitch Ratings (“Fitch”) revised its municipal rating on the 2008 Bonds from “AA+” to “AA-”. The Service Area failed to provide a “material event notice” of this rating change. ***The Service Area submitted the required material event notice information on March 18, 2014 (being 456 days late)(and notified MSRB by filing with EMMA of this failure to disclose a material event notice related to a rating change).***

Current Filings. On March 18, 2014, the Service Area hired an independent third party to help prepare and file future continuing disclosure reports for the 2008 Bonds (and for the 2016 Bonds) (including the financial report and “other operating and financial information”) and has filed the required disclosure information on a timely basis since that date for the filing periods due on or prior to July 29, 2014 and July 29, 2015.

See “LOCAL BUILDING AUTHORITY OF UNIFIED FIRE SERVICE AREA, UTAH—Debt Issuance” below.

RISK FACTORS

The purchase of the 2016 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2016 Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain of these risks are described below. The enumerated risks described below are not all-inclusive but are intended to highlight certain of these risks for the convenience of the reader.

Limited Obligations

The 2016 Bonds are payable from amounts due under the Master Lease on a parity basis with all other Bonds that may be outstanding under the Indenture. The Service Area's obligation under the Master Lease does not constitute a general obligation or other indebtedness of the Service Area, the Authority or any agency or political subdivision of the Service Area within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The current Renewal Term of the Master Lease commenced January 1, 2016 and will expire on December 31, 2016. The Service Area has the option to extend the term of the Master Lease for consecutive one-year Renewal Terms. *The Board of Trustees of the Service Area expects to appropriate moneys in December 2016 for the Renewal Term beginning January 1, 2017 through December 31, 2017.* Unless terminated sooner, this annual renewal option will continue through December 31, 2034 with a final renewal term commencing January 1, 2035, and ending April 1, 2035. Any such extension must be made with respect to all, and not less than all, of the Projects with respect to which Bonds are then outstanding. The Board of Trustees of the Service Area has previously elected to extend the term of the Master Lease for each of the preceding Renewal Terms, and the Service Area has paid when due, either from capitalized interest with respect to the Prior Parity Bonds or from Service Area funds, Rentals that have become due under the Master Lease for each of those Renewal Terms.

There is no assurance that the Service Area, in its sole discretion, will exercise its option to extend the term of the Master Lease for any future Renewal Term. Accordingly, the likelihood that the Service Area will extend the term of the Master Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 2016 Bonds as the same become due depends upon a number of factors, including, but not limited to:

- (a) the completion of design and construction of any future uncompleted Projects to the Service Area's satisfaction;
- (b) the ability of the Service Area to generate sufficient funds from property taxes, and other taxes and other sources of revenue to pay obligations associated with the Master Lease and other obligations of the Service Area (whether now existing or hereafter created);
- (c) the willingness of the Board of Trustees of the Service Area in any future year to appropriate moneys to pay the Rentals, which decision of the Board of Trustees of the Service Area could be affected by many factors, including the continuing need of the Service Area for the Projects;
- (d) the economic and demographic conditions within the Service Area and the State; and
- (e) the value of the Projects if relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination of the term of the Master Lease if the Board of Trustees of the Service Area does not appropriate sufficient funds to extend the term of the Master Lease as provided in the Master Lease.

Neither the Indenture nor the Master Lease limits the ability of the Service Area to incur additional obligations against its revenues.

General Economic Conditions

The Service Area relies on ad valorem property taxes and other fees as the primary source of funds to operate its governance and to pay its obligations. Regional and national economic conditions, such as weather-related economic effects, business cycles, unemployment, and consumer confidence, are outside of the control of the Authority and the Service Area, and can have material adverse effects on the Service Area's revenues, and its ability to pay Base Rentals on the Projects. See "UNIFIED FIRE SERVICE AREA, UTAH" below.

No Reserve Fund For The 2016 Bonds

No debt service reserve fund will be established to secure the 2016 Bonds. See "THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds—Debt Service Reserve Fund—No Reserve Fund for the 2016 Bonds" below.

Expiration Or Termination Of The Master Lease

In the event that the Board of Trustees of the Service Area does not renew the term of the Master Lease in any year by appropriating sufficient funds to pay Rentals due thereunder for the succeeding Fiscal Year, the Service Area's obligation to pay Rentals under the Master Lease will terminate on the December 31 occurring at the end of the then-current Renewal Term. Upon (a) the expiration of any Renewal Term of the Master Lease during which an Event of Nonappropriation occurs or (b) an Event of Default under the Master Lease and an election by the Trustee to terminate the possessory interest of the Service Area under the Lease, the Service Area's right of possession of the Projects under the Master Lease will expire or be terminated, as appropriate.

A Bondowner should not anticipate that it will be possible to foreclose on the Projects and liquidate, relet or sell the Projects (subject to the Ground Leases) after the occurrence of an Event of Nonappropriation or an Event of Default for an amount equal to the aggregate principal amount of the Bonds then Outstanding plus accrued interest thereon.

The 2016 Project financed under the Indenture is now under construction. If the possessory interest of the Service Area under the Master Lease were to be terminated by reason of an Event of Nonappropriation or an Event of Default under the Indenture or otherwise pursuant to the Building Authority Act or the Master Lease prior to the acquisition and construction of the 2016 Project, the payment of principal of, premium, if any, and interest on the 2016 Bonds would depend, in part, on the ability of the Trustee to complete any unfinished construction, foreclose on 2016 Project, and liquidate, relet or sell one or more partially constructed 2016 Project. See "APPENDIX A—BASIC DOCUMENTATION—The General Indenture of Trust—Limitation on Remedies and Acceleration During Acquisition and Construction of Portions of Projects."

Possible Difficulties In Selling Or Re-letting The Projects

In the event that the Service Area's right of possession of the Projects under the Master Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the Service Area to pay Rentals under the Master Lease will continue through the then-current Renewal Term, but not thereafter, and the 2016 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the Service Area of the Rentals which are due through the then-current Renewal Term. As set forth in the Building Authority Act, the Indenture and the Master Lease, if the Service Area fails to pay any Rentals due to the Authority under the terms of the Master Lease, the Service Area shall

immediately surrender, and vacate the Projects, and the rental or lease obligation under the Master Lease shall then cease. Should the Master Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term, or if an event occurs pursuant to which the Trustee terminates the Service Area's right of possession of the Projects under the Master Lease, the Trustee may repossess, complete construction, and relet or sell the affected Projects as provided in the Indenture.

No assurance can be given that the Trustee could relet or sell the Projects for the amount necessary to pay the principal of and the interest due on the 2016 Bonds. The Projects constitute facilities to be used in connection with the operation of the Service Area and may not be readily usable by other types of tenants. See "THE PROJECTS" below. Additionally, there is an easement for a "nordic skiing track" to cross one of the Service Area Sites (as defined herein), which may make such site more difficult to relet (however this skiing track crosses the undeveloped portion of the site). The net proceeds of any reletting or sale of the Projects, together with certain other moneys then held by the Trustee under the Indenture, if any, are required to be used to pay the Bonds to the extent of such moneys. No assurance can be given as to the amount of funds available from any such source for the payment of the aggregate principal amount of the 2016 Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Projects will be available to provide for the payment of the 2016 Bonds on a timely basis.

Delays In Exercising Remedies; Limitations On Enforceability

The enforceability of the Master Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Because of the unique uses to which the Projects may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the part of the Trustee to obtain possession of or to foreclose the lien on the Projects, if necessary, will likely result in delays in any payment of principal of or interest on the 2016 Bonds.

Possible Shortfall In Costs Of Acquisition And Construction Of The 2016 Project

The design, acquisition, construction and equipping of the 2016 Project commenced in October 2015 and is expected to be completed in March 2017. In the interim, the Authority will capitalize interest on the 2016 Bonds, to the expected completion date of the 2016 Project. Regardless of the sufficiency of the capitalized interest, however, once the capitalized interest has been fully applied, the Service Area may not commence lease payments pursuant to the Master Lease until the 2016 Project has been completed. Until the 2016 Project is completed, Base Rentals paid by the Service Area may not be sufficient, without capitalized interest, to pay debt service on the 2016 Bonds. See "THE PROJECTS—The Projects As Security For The 2016 Bonds," and "—The Projects—The 2016 Project" below.

The Authority and the Service believe, but there can be no assurance, that the proceeds of sale of the 2016 Bonds, together with certain investment earnings thereon and other sources of construction funds for the 2016 Project, will be sufficient to complete the acquisition, construction and equipping of the 2016 Project. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Master Lease, to complete the acquisition, construction and equipping of the 2016 Project from legally available funds, but only in connection with the issuance of Additional Parity Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Parity Bonds may be issued for the purpose of completing the 2016 Project or making additions or improvements to the Projects or acquiring or constructing Additional Projects, subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Parity Bonds will be authorized and issued by the Authority. If issued, Additional Parity Bonds will be secured under

the Indenture on a parity with the 2016 Bonds. See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds—Additional Parity Bonds and Refunding Bonds” below and “APPENDIX A—BASIC DOCUMENTATION—THE GENERAL INDENTURE OF TRUST—Additional Parity Bonds.”

Destruction Of A Project

The Master Lease requires the Projects to be insured by policies of insurance (including casualty and property damage insurance) as described in “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Provisions Respecting Insurance.” In the event of damage to or destruction of all or any part of the Projects, the Service Area is nevertheless required to continue to make payments under the Master Lease during the period for which the Board of Trustees of the Service Area has appropriated moneys to do so. In such event, the Service Area will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild such Projects or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Projects, the Service Area may terminate its obligations under the Master Lease with respect to such Projects and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. See “THE 2016 BONDS—Redemption Provisions For The 2016 Bonds—Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” above. There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the applicable Series of Bonds in whole or that the Trustee will be able to realize any additional funds from such Projects at that time. See “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Damage, Destruction And Condemnation.”

Depreciation And Lack Of Residual Value

Certain components of the Projects may become obsolete, may depreciate in value or may wear out during the time that the 2016 Bonds are outstanding. In addition, components of the Projects may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Master Lease or the termination of the Master Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority’s interest in the Projects may be sufficient to repay all outstanding Bonds in full.

Tax-Exempt Status; Continuing Compliance With Certain Covenants

Failure by the Authority or the Service Area with respect to any of the 2016 Bonds to comply with certain covenants in the Indenture, the Master Lease and the 2016 Bonds, on a continuing basis, so long as any of the 2016 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2016 Bonds becoming includible in federal gross income, retroactive to the date of their original issuance. See “TAX EXEMPTION” below. The Indenture and the 2016 Bonds do not provide for the payment of any additional interest or penalty in the event that interest on the 2016 Bonds becomes includible in federal gross income.

Other Factors Regarding The Projects

The ownership or operation of the Projects creates a potential for environmental liability on the part of both the owner and operator of the Projects as well as any party secured by mortgages, deeds of trust or other encumbrances. If hazardous substances are discovered at the Projects’ sites or discovered to be emanating from the Projects’ sites, the Service Area and the Authority may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could be for an amount far in excess of the value of the Projects. The existence of such hazardous substances

could hinder the Trustee in exercising certain of its remedies or rights under the Master Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Authority has agreed and represented in the Master Lease that it has carried on, and will carry on, the business and operations at the Projects in a manner that complies in all respects, and will remain in compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment.

Service Area Governance

The Service Area has agreed in the Master Lease to include in its annual budget request all moneys that are necessary to fulfill the Service Area's obligations under the Master Lease for each successive Renewal Term and seek an appropriation of such funds in a timely fashion so as to allow the Service Area to pay its obligations under the Master Lease when due. The decision to renew or not to renew the term of the Master Lease is to be made solely by the Board of Trustees of the Service Area at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the Service Area, acting in his or her individual capacity.

The obligation of the Service Area to make payments under the Master Lease is subject to annual appropriation by the Board of Trustees of the Service Area, based upon a budget initially presented to the Board of Trustees of the Service Area by the Service Area's Chief Financial Officer. The eight-member Board of Trustees of the Service Area are elected officials and serve four-year terms. As of the date of this OFFICIAL STATEMENT, the Board of Trustees of the Service Area supports the continued operation of the Projects. However, the individuals elected to serve as Board of Trustees of the Service Area members will change during the period when the 2016 Bonds are outstanding. There can be no assurance that a future Board of Trustees of the Service Area will not take a policy position against the continued appropriation of payments under the Master Lease for the Projects.

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of delivery¹ thereof (the "Dated Date") and will mature on April 1 of the years and in the amounts and pay interest on the dates and at the rates shown on the inside cover page, commencing April 1, 2018.

Debt Service based on Base Rental Payment Schedule. The Master Lease requires semi-annual Base Rental payments to be made by the Service Area to the Authority (on March 15 and September 15 of each year), which Base Rentals have been assigned to the Trustee pursuant to the Indenture. The 2016 Bond principal and/or interest payments are then paid by the Trustee on April 1 and October 1. The following table shows scheduled debt service on the 2016 Bonds based on Base Rental payments dates.

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¹ The anticipated date of delivery is Tuesday, June 14, 2016.

Due Date (Base Rental Payment)	The 2016 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
April 1, 2017.....	\$ 0.00	\$	\$	
October 1, 2017	0.00			\$
April 1, 2018.....	225,000.00			
October 1, 2018	0.00			
April 1, 2019.....	1,400,000.00			
October 1, 2019	0.00			
April 1, 2020.....	1,425,000.00			
October 1, 2020	0.00			
April 1, 2021.....	1,500,000.00			
October 1, 2021	0.00			
April 1, 2022.....	1,550,000.00			
October 1, 2022	0.00			
April 1, 2023.....	1,625,000.00			
October 1, 2023	0.00			
April 1, 2024.....	1,700,000.00			
October 1, 2024	0.00			
April 1, 2025.....	1,800,000.00			
October 1, 2025	0.00			
April 1, 2026.....	1,900,000.00			
October 1, 2026	0.00			
April 1, 2027.....	1,975,000.00			
October 1, 2027	0.00			
April 1, 2028.....	2,075,000.00			
October 1, 2028	0.00			
April 1, 2029.....	2,150,000.00			
October 1, 2029	0.00			
April 1, 2030.....	2,225,000.00			
October 1, 2030	0.00			
April 1, 2031.....	2,325,000.00			
October 1, 2031	0.00			
April 1, 2032.....	2,400,000.00			
October 1, 2032	0.00			
April 1, 2033.....	2,475,000.00			
October 1, 2033	0.00			
April 1, 2034.....	1,425,000.00			
October 1, 2034	0.00			
April 1, 2035.....	<u>1,475,000.00</u>			
Totals	<u>\$31,650,000.00</u>	\$	\$	

Interest on the 2016 Bonds shall be computed on the basis of a 360-day year of 12, 30-day months. Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, is the initial Registrar (the “Registrar”), Paying Agent (the “Paying Agent”) and Trustee with respect to the 2016 Bonds.

The 2016 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

* Preliminary; subject to change.

Registration, Denominations, Manner Of Payment

The 2016 Bonds are issuable only as fully-registered bonds 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 of the 2016 Bonds. Purchases of 2016 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners (as defined herein) of the 2016 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 2016 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

Principal of and interest on the 2016 Bonds (interest payable April 1 and October 1 of each year, commencing April 1, 2017) are payable by the Paying Agent, to the Registered Owners of the 2016 Bonds. So long as Cede & Co. is the registered owner of the 2016 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2016 Bonds, as described under “APPENDIX E—BOOK-ENTRY SYSTEM” below.

So long as DTC or its nominee is the sole registered owner of the 2016 Bonds, neither the Authority, the Service Area, nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2016 Bonds. *Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2016 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2016 Bonds.*

Transfer Or Exchange Of The 2016 Bonds; Regular Record Date

Transfer or Exchange of the 2016 Bonds. The Authority and the Trustee shall not be required to transfer or exchange any 2016 Bond during the period from the 15th day next preceding any Interest Payment Date of such 2016 Bond through such Interest Payment Date nor to transfer or exchange any 2016 Bond after the mailing of notice calling such 2016 Bond or portion thereof for redemption has been given, nor during the period of 15 days next preceding the giving of such notice of redemption.

In each case the Trustee shall require the payment by the Bondowner requesting exchange or transfer, only of any tax or other government charge required to be paid with respect to such exchange or transfer.

Regular Record Date. In the event that the book-entry only system has been terminated: (i) the principal of and premium, if any, on the 2016 Bonds are payable at the principal corporate trust office of the Trustee, upon surrender for cancellation thereof and (ii) interest on the 2016 Bonds will be paid to the person who is the registered owner thereof as of the close of business on the 15th day next preceding the related Interest Payment Date (the “Regular Record Date”) and will be paid by check or draft drawn on the Trustee, as Paying Agent, and mailed to the registered owner thereof at the address on the registration books maintained by the Trustee or at such other address as is furnished to the Trustee by such Bondowner. The principal of, premium, if any, and interest on the 2016 Bonds will be paid in lawful money of the United States of America.

See “APPENDIX E—BOOK-ENTRY SYSTEM” for a more detailed discussion of the book-entry system and DTC.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2016 Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2016 Bonds	\$
Original issue premium	
Total	\$

Uses:

Deposit to Escrow Fund	\$
Deposit to Project Construction Account	
Deposit to Capitalized Interest Account (through October 1, 2017)	
Costs of issuance (1)	
Underwriter's discount	
Original issue discount	
Total	\$

-
- (1) Includes legal fees, Municipal Advisor fees, rating agency fees, Trustee, Registrar and Paying Agent fees, Escrow Agent fees, escrow verification fees, printing fees, rounding amounts and other miscellaneous costs of issuance.

Security And Sources Of Payment For The 2016 Bonds

The Master Lease and the Indenture. The 2016 Bonds are payable from amounts due under the Master Lease, as may be appropriated by the Board of Trustees of the Service Area, and certain other moneys as provided in the Indenture. The Initial Term of the Master Lease commenced on August 15, 2008 and expired on December 31, 2008. The Service Area has exercised its option to extend the term of the Master Lease for Fiscal Year 2016 (which Renewal Term will expire on December 31, 2016). Extension of the term of the Master Lease beyond such date is subject to the further exercise by the Service Area, in its sole discretion, to renew the Master Lease for consecutive additional one-year Renewal Terms commencing January 1 of each of the years 2017 through 2034, and a final Renewal Term commencing January 1, 2035, and ending April 1, 2035, unless terminated earlier. For circumstances under which the Master Lease will be terminated, see "APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Term Of The Master Lease."

The Authority, as lessor under the Master Lease and pursuant to the Indenture, has assigned to the Trustee its rights to receive Base Rentals under the Master Lease, for the benefit of the Bondowners. In addition, the Authority has, for the benefit of the Bondowners, granted to the Trustee, pursuant to the Security Documents, a lien on and a security interest in all of its right, title and interest in and to the Projects.

The continuation of the term of the Master Lease and the obligation of the Service Area to pay Base Rentals after each current Renewal Term are subject to the appropriation by the Board of Trustees of the Service Area of sufficient funds to extend the term of the Master Lease for the next Renewal Term and for each succeeding Renewal Term thereafter. Neither the Master Lease nor the 2016 Bonds constitute a general obligation or indebtedness of the Service Area or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the Service Area nor the Authority has pledged its credit to the payment of the Master Lease or the 2016 Bonds, and neither the Service Area nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Master Lease or the 2016 Bonds. The Authority does not have any taxing power.

So long as the Master Lease remains in effect and the Board of Trustees of the Service Area appropriates sufficient funds to extend the term of the Master Lease for each successive Renewal Term, the Service Area is required by the provisions of the Master Lease to pay semiannually to the Trustee specified Base Rentals for the Projects which are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the 2016 Bonds.

The Service Area has covenanted in the Master Lease to cause to be included in its annual tentative budget submitted to the Board of Trustees of the Service Area a request for appropriation, in accordance with applicable law, of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably anticipated Additional Rentals under the Master Lease for the Projects during the next succeeding Renewal Term. See “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Request for Appropriation.”

In the event that the Board of Trustees of the Service Area does not budget and appropriate sufficient funds prior to January 1 next preceding the beginning of any Renewal Term for the payment of (i) the Base Rentals becoming due during such Renewal Term, and (ii) reasonably estimated Additional Rentals payable during such Renewal Term with respect to the Master Lease, then an Event of Nonappropriation shall be deemed to have occurred pursuant to the Master Lease, and the Service Area shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Master Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Service Area’s obligation to pay Rentals that are payable prior to the termination of the Master Lease; *provided, however*, that the Service Area shall continue to be liable for the amounts payable pursuant to the Master Lease during such time when the Service Area continues to use, occupy and operate the Projects. Once the Service Area has elected to continue a Master Lease for a new Renewal Term by the Board of Trustees of the Service Area budgeting and appropriating sufficient moneys to pay Base Rentals and Additional Rentals as provided in the Master Lease, the Service Area shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. *Pursuant to the provisions of the Building Authority Act, the Indenture, and the Master Lease, if the Service Area fails to pay any Rentals due to the Authority under the terms of the Master Lease, the Service Area shall immediately surrender and vacate the Projects.* The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Projects, as trustee for the benefit of the Bondowners of the 2016 Bonds, as provided in the Master Lease and the Indenture, and shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture (except the Rebate Fund), less any moneys then due and owing to the Trustee for services performed as trustee thereunder. However, due to the nature of the Projects, it is unlikely that revenues from such remedies and sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should such a shortfall occur, the then outstanding Bonds would be paid on a pro rata basis as provided in the Indenture. See “RISK FACTORS” above.

Pursuant to the provisions of the Master Lease, the Service Area may, in its sole discretion, purchase all or a portion of the Projects by payment of the applicable Option Price as defined in the Master Lease. Neither the Service Area nor the Board of Trustees of the Service Area may be compelled to exercise the purchase option provided in the Master Lease. See “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Conveyance on Purchase of Projects.”

Maintenance and Insurance on the Projects. The Service Area has agreed in the Master Lease, at its own expense, to maintain, manage and operate the Projects and all improvements thereon in good working order, condition and repair, and to pay all costs associated therewith. As provided in the Master Lease, the Authority, the Trustee and the owners of the Bonds have no obligation to incur any expense of any kind or character for the management, operation or maintenance of the Projects during the term of the Master Lease.

The Projects are required to be insured by the Service Area. All Net Proceeds of performance bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance (except the policy of public liability and property damage insurance) required by the Master Lease or condemnation awards which are received by the Trustee will be deposited into a separate trust fund under the Indenture. Such Net Proceeds will be used to repair, restore, modify or improve the applicable Projects or to redeem or defease the related Bonds. See “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Maintenance of the Projects by the Service Area” “—Evidence and Notice Regarding Insurance” and “—Damage, Destruction And Condemnation.” See “RISK FACTORS” above. and “UNIFIED FIRE SERVICE AREA, UTAH—Risk Management” below.

Debt Service Reserve Fund. The Indenture establishes a separate account in the Debt Service Reserve Fund for each Series of Bonds issued thereunder. The Indenture authorizes the Authority to obtain a Reserve Instrument in place of fully funding an account in the Debt Service Reserve Fund. The amount on deposit in an account of the Debt Service Reserve Fund secures only those Series of Bonds issued thereunder.

No Reserve Fund for the 2016 Bonds. The Authority will not create or fund a debt service reserve fund for the 2016 Bonds.

Reserve Fund Instrument for the 2008 Bonds. In April 2015, the Authority obtained a reserve instrument issued by Build America Mutual Assurance Company for the 2008 Debt Service Reserve Account in an amount of not to exceed \$2,590,380 (the maximum annual debt service amount) related to the 2008 Bonds. The policy maximum limit will automatically and irrevocably be reduced from time to time by the same proportion as each reduction in the 2008 Reserve Account Requirement for the 2008 Bonds. After the issuance of the 2016 Bonds and the redemption of a portion of the 2008 Bonds, the amount on deposit in the 2008 Reserve Account Requirement will be reduced to \$1,179,625 (the last payment on the 2008 Bonds is scheduled on April 1, 2018).

The Debt Service Reserve Requirement for Bonds issued under the Indenture means, with respect to each Series of Bonds issued pursuant to the Indenture, *unless otherwise provided in the related Supplemental Indentures*, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual debt service during any year for such Series of Bonds and (iii) 125% of the average annual debt service for such Series of Bonds; provided, however, that in the event any Series of Refunding Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any Series issued pursuant to the Indenture (the “Prior Bonds”), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Refunding Bonds and the portion of such Refunding Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by proceeds from the sale of such Series of Bonds, a cash contribution of the County, by a Reserve Instrument as herein provided or, if provided in the related Supplemental Indenture, may be accumulated over time. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds. See “APPENDIX A—BASIC DOCUMENTATION.”

The Ground Lease and the Security Documents. The Service Area owns the land in which the Projects are located and the land on which the 2016 Project will be constructed. Pursuant to the Ground Leases the Service Area, as lessor, has leased to the Authority, as lessee, its interest in the land relating to the Projects.

The Authority under the Deed of Trust has irrevocably warranted, granted, transferred, conveyed and assigned to the Trustee, in trust with power of sale, all of its right, title and interest in the Projects, including, but not limited to real property, rents, issues, profits, royalties, income, interest in the leases or subleases, options to purchase, easements, rights of way, proceeds of insurance or condemnation and tangible personal property in order to provide additional security for the Authority's payment obligations under the Bonds and the Indenture. The Deed of Trust generally provide for the procedure by which the Trustee can foreclose the lien on the Authority's interest in the Projects to pay the Authority's payment obligations under the Bonds and the Indenture. If an Event of Default occurs under the Indenture, and if the Trustee accelerates the payment of the Bonds pursuant thereto, the Trustee shall also direct the trustee under the Deed of Trust to foreclose the lien created under the Deed of Trust, either by public sale or by proceedings in equity. The Trustee shall receive any proceeds from such sale and apply them in accordance with the Indenture. Subject to the limitation on remedies and acceleration during acquisition and construction of portions of the Projects, any proceeds shall be applied to the payment of principal and interest then due and unpaid on all of the Bonds, ratably, according to the amounts due respectively for principal and interest, to the Bondowners.

No deficiency judgment upon foreclosure of the lien of the Indenture or security or Security Documents may be entered against the Service Area or the Authority, and no judgment requiring a payment of money may be entered against the Service Area under the Master Lease.

Additional Parity Bonds and Refunding Bonds. In the future, the Authority may issue Additional Parity Bonds, consisting of Additional Bonds, Refunding Bonds or a combination of both, ranking on a parity with the 2016 Bonds and Prior Parity Bonds. All Additional Parity Bonds will be secured by the lien of the Indenture and the Security Documents, and will rank on a parity with the 2016 Bonds and the Prior Parity Bonds. Such Additional Parity Bonds shall be payable solely from the Base Rentals and, if paid by the Service Area, the Purchase Option Price and other amounts derived from the leasing of the Projects.

So long as the Master Lease is in effect and no Event of Default under the Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more series of Additional Parity Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects for the use and benefit of the Service Area in accordance with the restrictions set forth in the Indenture. See "APPENDIX A—BASIC DOCUMENTATION—THE GENERAL INDENTURE OF TRUST—Additional Parity Bonds—Issuance of Additional Bonds."

To the extent permitted by law, the Authority may, at the request of the Service Area, authorize the issuance of Refunding Bonds upon the terms and conditions provided in the Indenture and in the Master Lease. Refunding Bonds may be issued to provide funds to refund the Bonds then Outstanding, in whole or in part, to make additional deposits to the Reserve Fund, and to pay the costs of the issuance and sale of the Refunding Bonds and other costs reasonably related to the financing as shall be agreed upon by the Service Area and the Authority; provided, however, that (i) the Authority shall not be in default under the Indenture or the Master Lease or any provision thereof, and the issuance of Refunding Bonds shall not constitute a default under the Master Lease or cause any violation of the covenants or representations of the Service Area or the Authority in the Master Lease or in the Indenture; (ii) no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease; and (iii) the Authority shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Refunding Bonds. See "APPENDIX A—BASIC DOCUMENTATION—THE GENERAL INDENTURE OF TRUST—Additional Parity Bonds—Issuance of Refunding Bonds."

Plan Of Refunding

The Authority previously issued its 2008 Bonds, the original bond proceeds of which were used by the Service Area for the acquisition of land and the acquisition and construction of fire stations and related improvements. See “The PROJECTS—The Projects—The 2008 Projects” below.

Proceeds from the 2016 Bonds in the aggregate amount of \$28,870,868.79* will be deposited with Zions Bank, as Escrow Agent (the “Escrow Agent”), pursuant to an Escrow Agreement (the “Escrow Agreement”) to establish an irrevocable trust escrow account (the “Escrow Account”), consisting of cash and obligations of an obligation secured by the full faith and credit of the United States of America.

Amounts in the Escrow Account shall be used to pay interest on the 2008 Bonds maturing on and after April 1, 2019* (the “2008 Refunded Bonds”) through April 1, 2018*, and to pay the redemption price of the 2008 Refunded Bonds at 100% of the principal amount thereof on April 1, 2018* (the “2008 Redemption Date”) plus accrued interest thereon. The 2008 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (April 1)	Redemption Date*	CUSIP® 795717	Principal Amount*	Interest Rate	Redemption Price
2019	April 1, 2018	AJ6	\$ 1,175,000	5.25%	100%
2020	April 1, 2018	AK3	1,250,000	5.25	100
2021	April 1, 2018	AL1	1,300,000	5.25	100
2022	April 1, 2018	AM9	1,375,000	5.00	100
2023	April 1, 2018	AN7	1,450,000	5.00	100
2024	April 1, 2018	AP2	1,525,000	5.00	100
2026	April 1, 2018	AR8	3,300,000	5.00	100
2028	April 1, 2018	AT4	3,610,000	5.20	100
2030	April 1, 2018	AV9	4,000,000	5.25	100
2033	April 1, 2018	AY3	<u>7,000,000</u>	5.30	100
Totals.....			<u>\$25,985,000</u>		

The cash and investments held in the Escrow Account will be sufficient to pay (a) the interest falling due on the 2008 Refunded Bonds through the 2008 Redemption Date and (b) the redemption price of the 2008 Refunded Bonds, due and payable on the 2008 Redemption Date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by Grant Thornton LLP, Minneapolis, Minnesota. See “MISCELLANEOUS—Escrow Verification” below.

Redemption Provisions For The 2016 Bonds

Optional Redemption. The 2016 Bonds maturing on and after April 1, 2026 are subject to redemption prior to maturity in whole or in part at the option of the Authority on October 1, 2025, or on any date thereafter, from such maturities or parts thereof as shall be selected by the Authority at the redemption price of 100% of the principal amount of the 2016 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Extraordinary Redemption In The Event Of Damage, Destruction Or Condemnation. The 2016 Bonds are callable for redemption prior to maturity in whole on any date, if (i) the Projects or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the con-

* Preliminary; subject to change.

struction of the Projects shall become apparent, or title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences shall be insufficient to pay in full the cost of repairing and replacing the Projects, and (iii) the Service Area elects to discharge its obligation to repair and replace the Projects by depositing such Net Proceeds into the Bond Fund. Upon the deposit of such Net Proceeds in the Bond Fund, the payment obligations of the Service Area with respect to the Projects under the Master Lease will terminate and the Service Area will have no further obligation for the payment of Base Rentals and Additional Rentals under the Indenture, and possession of the Projects shall be surrendered to the Authority and all right, title and interest of the Service Area and the Authority in any funds or accounts created under the Indenture (except for amounts held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents may, subject to the limitations of the Indenture, be foreclosed and the Authority's interest in the Projects liquidated and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the Indenture (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be proportionally applied to the redemption of the Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Such redemption of the 2016 Bonds shall be made upon payment of the principal amount of the 2016 Bonds then Outstanding, plus accrued interest thereon, all in accordance with the Indenture. In the event there are moneys remaining in the Bond Fund after payment in full of all Bonds of said Series issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the Service Area. *In the event that the 2016 Bonds are redeemed subsequent to the occurrence of an event described in this paragraph by payment of an amount less than the outstanding principal amount thereof and accrued interest to the redemption date, no further claim for payment may be had by the holders of the 2016 Bonds against the Authority, the Service Area or the Trustee.*

Notice of Redemption. Notice of the call for any redemption, identifying the 2016 Bonds (or portions thereof) to be redeemed, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by mailing a redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner (initially DTC) of each 2016 Bond to be redeemed (in whole or in part) at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings for the redemption of any 2016 Bond or portion thereof as to which no such failure occurred. All 2016 Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment, at that time. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Each such notice will be dated and will be given in the name of the Authority and will state the following information: (i) the complete official name of the 2016 Bonds, including series, to be redeemed, the identification numbers of 2016 Bond certificates and the CUSIP® numbers, if any, of the 2016 Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP® numbers either as printed on such 2016 Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such 2016 Bonds; (ii) any other descriptive information needed to identify accurately the 2016 Bonds being redeemed, including, but not limited to, the original issuance date and maturity date of, and interest rate on, such 2016 Bonds; (iii) in the case of partial redemption of any 2016 Bonds, the respective principal amounts thereof to be redeemed; (iv) the date of mailing of redemption notices, the record date and the redemption date; (v) the redemption price; (vi) that on the redemption date the redemption price will become due and payable upon each such 2016 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (vii) the place where such 2016 Bonds

are to be surrendered for payment of the redemption price, designating the name and address of the redemption agent with the name of a contact person and telephone number.

If at the time of mailing of any notice of redemption there shall not be deposited with the Trustee moneys sufficient to redeem all the 2016 Bonds called for redemption, such notice will state that such redemption is conditional upon the deposit of the redemption moneys with the Trustee or the Paying Agent not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

A second notice of redemption shall be given, not later than 90 days subsequent to the redemption date, to Bondowners of 2016 Bonds, or portions thereof, redeemed but who failed to deliver 2016 Bond certificates for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the Bondowners of such 2016 Bonds receive 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 Bondowners shall not affect the validity of the proceedings for the redemption of the 2016 Bonds.

On or prior to the date fixed for redemption, funds shall be deposited by the Authority with the Trustee to pay to the Paying Agent. Upon the giving of notice and the deposit of funds for redemption with the Paying Agent, interest on the 2016 Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption and said 2016 Bonds shall cease to be entitled to any lien, benefit or security under the Indenture or the Security Documents, and the Bondowners of said 2016 Bonds shall have no rights in respect thereof except to receive payments of the redemption price thereof.

Mandatory Sinking Fund Redemption At Bidder's Option

The 2016 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

Registration And Transfer; Record Date

Registration and Transfer. In the event the book-entry system is discontinued, any 2016 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner's duly authorized attorney, upon surrender of such 2016 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2016 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully-registered 2016 Bond or 2016 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the Authority, for a like aggregate principal amount.

The 2016 Bonds may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of fully-registered 2016 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2016 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2016 Bonds.

Record Date. The term "Record Date" means (i) with respect to each interest payment date, the day that is 15 days immediately preceding such interest payment date and (ii) with respect to any redemption of any 2016 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption,

provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption. The Bond Registrar will not be required to transfer or exchange any 2016 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2016 Bond.

The Authority, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2016 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever.

Book–Entry System

DTC will act as securities depository for the 2016 Bonds. The 2016 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 2016 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a “fast agent” of DTC. See “APPENDIX E—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

LOCAL BUILDING AUTHORITY OF UNIFIED FIRE SERVICE AREA, UTAH

Establishment And Statutory Powers

The Board of Trustees of the Service Area created the Authority as a nonprofit corporation in accordance with the provisions of the predecessor to the Building Authority Act. The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Authority at the present time has no full–time employees or other personnel other than its governing board as described below. The Authority has no property, money or other assets, except for the Projects as described in this OFFICIAL STATEMENT. The principal place of business of the Authority is in the Service Area offices at the address shown under “INTRODUCTION—Contact Persons” above.

The Authority has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing and/or refinancing their costs on behalf of the Service Area in accordance with the procedures and subject to the limitations of the Building Authority Act, in order to accomplish the public purposes for which the Service Area exists.

The Authority has all of the powers provided for in the Building Authority Act and in the Constitution and other laws of the State. The Authority may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by the governing body of the Service Area. The Authority has been organized as a nonprofit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

The Authority may not be dissolved unless all of its outstanding bonds and other obligations are paid in full as to principal, interest and redemption premiums, if any, or unless provision for the payment of the same when due has been made. Whenever bonds, notes or other evidences of indebtedness issued by the Authority are satisfied, discharged and retired, title to all real and personal property financed with the proceeds of such bonds, notes or other evidences of indebtedness is required to be transferred to the Service Area.

Under the Building Authority Act, the Authority has the power to: (i) acquire one or more projects, which, by definition, means that it may obtain or gain property of every kind or nature which a public body is authorized or permitted by law to own, and it may otherwise improve or extend such a project or

projects and finance their costs on behalf of the public body which created the Authority in order to accomplish the public purposes for which the public body exists; (ii) enter into leasing contracts with the Service Area with respect to projects which the Authority has acquired, improved or extended or will acquire, improve or extend on behalf of the Service Area; (iii) issue and sell its bonds for the purpose of financing and refinancing the cost of acquiring, improving or extending a project; and (iv) exercise other powers as enumerated in the Building Authority Act, all in accordance with and subject to the specific requirements of the Building Authority Act with respect to such powers.

Organization

According to the By-Laws of the Authority, the affairs of the Authority are managed by the Board of Trustees of the Authority (the “Board of Trustees of the Authority”), which consists of eight members (with three members appointed from among the elected officials of the County and one member each appointed by the cities of Herriman, Midvale, Riverton, Eagle Mountain, and Taylorsville) of the Board of Trustees of the Service Area. If new municipalities become part of the Service Area an additional member would be appointed to the Board of Trustees of the Authority from the governing body of such municipality. The Board of Trustees of the Authority meets as necessary. Each board member serves on the Board of Trustees of the Authority until death, incapacity, removal from the board or loss of elected position. Whenever a trustee shall cease to be a member of the Board of Trustees of the Authority, his/her successor, upon his/her appointment and qualifying for office, thereupon becomes a board member of the Authority. Trustees may be removed and replaced by the Board of Trustees of the Authority at any time at its discretion. Set forth below are the current members of the Board of Trustees of the Authority:

<u>Office/Representing</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
President/Mayor, Midvale City	JoAnn Seghini	5.5	January 1, 2019
Vice President/Councilmember, SL County .	Sam Granato	3	January 1, 2017
Trustee /Councilmember, Riverton.....	Sheldon Stewart	1.5	January 1, 2019
Trustee/Mayor, Eagle Mountain	Christopher Pengra	3.5	January 1, 2018
Trustee/Councilmember, Herriman	Coralee Wessman–Moser	1.5	January 1, 2020
Trustee/Mayor, SL County	Ben McAdams	3	January 1, 2017
Trustee/Councilmember, SL County	Richard Snelgrove	5	January 1, 2017
Trustee/Mayor, Taylorsville	Larry Johnson	1.5	January 1, 2020

Debt Issuance

The Authority’s debt does not constitute debt within the meaning of any constitutional provision or statutory limitation which is applicable to the Service Area.

As of the date of this OFFICIAL STATEMENT, the Authority has outstanding the following lease revenue bonds:

Issued (On A Parity Basis) Under the Indenture and Master Lease

The issuance of the 2016 Bonds is the Authority’s second bond issuance under the Indenture. The 2016 Bonds, the Prior Parity Bonds and all other Additional Parity Bonds issued on a parity basis will be cross-collateralized, in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a security interest in all of the Authority’s right, title and interest in the Projects financed or refinanced by the issuance of Bonds.

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2016 (1).....	Refunding/fire station	\$31,650,000*	April 1, 2035	\$31,650,000*
2008 (2) (3)	Fire stations/land	32,950,000	April 1, 2018 (4)	<u>2,175,000</u>
Total principal amount of outstanding lease revenue bonds				<u>\$33,825,000*</u>

* Preliminary; subject to change.

- (1) For purposes of this OFFICIAL STATEMENT, the 2016 Bonds will be considered issued and outstanding. Rated "Aa2" by Moody's Investors Service Inc. ("Moody's"), as of the date of this OFFICIAL STATEMENT.
- (2) Rated "AA-" by Fitch and "Aa2" by Moody's, as of the date of this OFFICIAL STATEMENT.
- (3) Portions of this bond issue will be refunded by the 2016 Bonds.
- (4) Final maturity date after portions of this bond issue will be refunded by the 2016 Bonds.

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Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Local Building Authority Of Unified Fire Service Area, Utah By Fiscal Year

Fiscal Year Ending December 31	Series 2016 \$31,650,000*		Series 2008 \$32,950,000		Totals		Total Debt Service
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	
2015.....	\$ 0	\$ 0	\$ 955,000	\$ 1,537,895	\$ 955,000	\$ 1,537,895	\$ 2,492,895
2016.....	0	0	1,000,000	818,016	1,000,000	818,016	1,818,016
2017.....	0	1,644,558 (1)	1,060,000	90,475	1,060,000	1,735,033	2,795,033
2018.....	225,000	1,232,619	1,115,000	30,663	1,340,000	1,263,281	2,603,281
2019.....	1,400,000	1,208,244	0	0 (2)	1,400,000	1,208,244	2,608,244
2020.....	1,425,000	1,165,869	0	0 (2)	1,425,000	1,165,869	2,590,869
2021.....	1,500,000	1,106,994	0	0 (2)	1,500,000	1,106,994	2,606,994
2022.....	1,550,000	1,030,744	0	0 (2)	1,550,000	1,030,744	2,580,744
2023.....	1,625,000	951,369	0	0 (2)	1,625,000	951,369	2,576,369
2024.....	1,700,000	868,244	0	0 (2)	1,700,000	868,244	2,568,244
2025.....	1,800,000	780,744	0	0 (2)	1,800,000	780,744	2,580,744
2026.....	1,900,000	688,244	0	0 (2)	1,900,000	688,244	2,588,244
2027.....	1,975,000	591,369	0	0 (2)	1,975,000	591,369	2,566,369
2028.....	2,075,000	490,119	0	0 (2)	2,075,000	490,119	2,565,119
2029.....	2,150,000	405,994	0	0 (2)	2,150,000	405,994	2,555,994
2030.....	2,225,000	340,369	0	0 (2)	2,225,000	340,369	2,565,369
2031.....	2,325,000	272,119	0	0 (2)	2,325,000	272,119	2,597,119
2032.....	2,400,000	201,244	0	0 (2)	2,400,000	201,244	2,601,244
2033.....	2,475,000	128,119	0	0 (2)	2,475,000	128,119	2,603,119
2034.....	1,425,000	68,728	—	—	1,425,000	68,728	1,493,728
2035.....	1,475,000	23,231	—	—	1,475,000	23,231	1,498,231
Totals.....	<u>\$31,650,000</u>	<u>\$13,198,918</u>	<u>\$4,130,000</u>	<u>\$2,477,049</u>	<u>\$35,780,000</u>	<u>\$15,675,967</u>	<u>\$51,455,967</u>

* Preliminary; subject to change.

(a) Preliminary; subject to change. Principal and interest has been estimated at an average interest rate of 3.70% per annum.

(1) Preliminary; subject to change. Does not include capitalized interest in the amount of \$254,460 in this Fiscal Year.

(2) Principal and interest will be refunded by the 2016 Bonds.

(Source: Municipal Advisor.)

No Defaulted Bonds Or Failure To Renew Lease

As of the date of this OFFICIAL STATEMENT, the Authority has never failed to pay, when due, the principal of and interest on its bonded indebtedness and other payment obligations related thereto. The Service Area has never failed to appropriate Rentals for the next succeeding Renewal Term for the Projects.

THE PROJECTS

The Projects As Security For The 2016 Bonds

The 2016 Bonds are equally and ratably secured by the lien of the Indenture, the Security Documents and the Master Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the Service Area shall be required to surrender and vacate the Projects, the Trustee shall have all rights and remedies to take possession of the Projects as trustee for the benefit of the Beneficial Owners of the 2016 Bonds, and the Trustee may exercise various remedies against or with respect to the Projects under the Indenture and the Master Lease for the proportionate benefit of the Beneficial Owners of the 2016 Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Projects. See in this section “Cross-Collateralization” and “RISK FACTORS—Destruction Of A Project” and “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds—The Master Lease and the Indenture” above. Under the Master Lease, an Event of Nonappropriation will occur if the Board of Trustees of the Service Area fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the Projects coming due in any Fiscal Year under the Master Lease.

The Projects

The 2008 Project. The Authority issued the 2008 Bonds to acquire land and construct five fire stations located throughout the Service Area as follows: (1) the acquisition of land and the construction of a fire station in the unincorporated Salt Lake County area, known as the “East Millcreek Station”; (2) the acquisition of land and the construction of a fire station in the unincorporated Salt Lake County area, known as the “Magna Station”; (3) the acquisition of land and the construction of a fire station in the City of Herriman, Utah, known as the “Herriman Station”; (4) the acquisition of land and the construction of a fire station in the unincorporated Salt Lake County area, known as the “West Millcreek Station”; (5) the construction of a fire station in the unincorporated Salt Lake County area, known as the “Big Cottonwood Station”; and (6) the acquisition of property located in the City of Herriman, Utah (the “Future Rose Canyon Station”) (collectively the “2008 Project”).

The parcels of land on which the East Millcreek Station, the Magna Station, the Herriman Station, the West Millcreek Station, and the Future Rose Canyon Station are owned by the Service Area (collectively, the “2008 Service Area Sites”). The land on which the Big Cottonwood Station is located was leased by the Service Area from the United States Forest Service, but in 2009 the Service Area purchased the land (the “2008 Forest Service Site”, and collectively with the 2008 Service Area Sites, the “Service Area Sites”). The Service Area Sites are leased by the Service Area to the Authority pursuant to various ground leases (the “Ground Leases”).

The 2008 Project, including the Authority’s interest in the Ground Leases and any additional hereinafter described Projects, were leased by the Authority to the Service Area under the Master Lease.

The 2016 Project. Certain proceeds of the 2016 Bonds will be used for the construction of a fire station, on land owned by the Service Area, located in Taylorsville City, Utah (the “2016 Project Site”). The

2016 Project is scheduled for completion in April 2017. The 2016 Project Site will be ground leased by the Service Area to the Authority pursuant to the 2016 Ground Lease.

The 2008 Project and the 2016 Project, and any future projects issued under the Indenture are collectively, the “Projects”.

Cross-Collateralization

Subject to the following section “Release Of A Project Upon Payment Of Related Series Of Bonds,” and to the provisions described above under the caption “THE 2016 BONDS—Redemption Provisions For The 2016 Bonds—Extraordinary Redemption In The Event of Damage, Destruction or Condemnation” pursuant to the Indenture and the Master Lease, all of the 2016 Bonds issued under the Indenture are cross-collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a security interest in all of the Authority’s right, title and interest in all of the Projects. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Master Lease will entitle the Trustee to take possession of the Projects and to exercise its rights and remedies to the extent provided in the Indenture against the Projects in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding. However, the security interest in some of the Projects may be released prior to the payment of all of the 2016 Bonds as described below under “Release Of A Project Upon Payment Of Related Series Of Bonds.”

Release Of A Project Upon Payment Of Related Series Of Bonds

Pursuant to the Master Lease, the Service Area has the option of purchasing a Project in advance of the final maturity of the Series of Bonds issued to finance that Project. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released as security for the Bonds and may be transferred to the Service Area if (i) the Service Area shall deposit with the Trustee the Purchase Option Price for such Project; and (ii) there shall have been delivered to the Trustee an opinion of nationally-recognized bond counsel to the effect that the release of the Project will not adversely affect the excludability of interest on the Bonds from the federal gross income of the owners thereof. Pursuant to the Indenture and the Master Lease, the Service Area may exercise this option with respect to any portion of the Projects.

Maintenance Of The Projects

The Service Area has covenanted in the Master Lease, at its own expense, to maintain, manage and operate the Projects in good order, condition and repair, ordinary wear and tear excepted. The Service Area will provide or cause to be provided all power, gas, telephone, light, heating and water and all other public utility services. See “APPENDIX A—BASIC DOCUMENTATION—THE MASTER LEASE—Maintenance on the Projects by the Service Area.”

UNIFIED FIRE SERVICE AREA, UTAH

General

General. The Service Area was established by resolution of the County Council of the County on January 27, 2004, to provide for essential fire protection, emergency medical, and related functions and services in and to the unincorporated areas of the County, including the unincorporated areas known as Copperton Township, Emigration Township, Kearns Township, Magna Township, Millcreek Township, White City Township, Parleys Canyon, Big Cottonwood Canyon, Little Cottonwood Canyon, and Rose Canyon. The Service Area began providing such services in July 2004. The municipalities of Herriman

City, Riverton City, Midvale City (all located in the County) and Eagle Mountain City (located in Utah County) have also annexed into the Service Area. In January 2014, Taylorsville City (located in the County) was annexed into the Service Area. In March 2013, the Service Area changed its name from the “Salt Lake Valley Fire Service Area” to the “Unified Fire Service Area” to better reflect the geographical scope of its jurisdiction.

Unified Fire Authority

The Service Area is a party to an Interlocal Cooperative Agreement which became effective January 1, 2004 (the “Interlocal Agreement”), with the municipalities of Alta, Cottonwood Heights, Draper and Holladay and Taylorsville. The Interlocal Agreement is scheduled to expire on December 31, 2050, unless terminated. The Interlocal Agreement created the Unified Fire Authority (“UFA”). Each of the parties to the Interlocal Agreement is a member of UFA. UFA is a Utah inter-local cooperative and an independent political subdivision of the State, and was formed to provide fire protection and other emergency services to its members, including the areas for which the Service Area is responsible. In addition to fire protection and other emergency services provided to the Service Area, UFA also provides administrative and staff services to the Service Area. UFA maintains a Web site at <http://www.unifiedfire.org/>.

The Service Area, through UFA, is heavily involved not only with fire protection, but also in 911 ambulance service, emergency management, hazardous materials response and reporting, bomb disposal, emergency medical response, urban search and rescue, heavy rescue operations, fire prevention, public education, community relations and fire and explosive investigations. UFA is currently the largest fire department in the State with over 650 full and part-time employees. Pursuant to the Interlocal Agreement, each member of UFA is charged a fee for the services provided to such member. The fee is based largely upon the amount of personnel assigned to perform services in the area of the member. Each member, other than the Service Area, pays for such services from its general funds. The Service Area pays UFA for its services on a quarterly basis. The Service Area also collects “impact fees” received from new construction permits within the boundaries of the Service Area. The Service Area has the ability to levy a dedicated tax to pay its fees for services provided by UFA. See the following section “Service Area Revenues And Collections” below.

Service Area Revenues And Collections

Pursuant to State statutes, the Service Area is a body corporate and politic, a quasi-municipal corporation and a political subdivision of the State with powers, among others, to sue and be sued, acquire property, issue bonds and acquire property through the exercise of eminent domain. The Service Area also has the ability to levy and collect property taxes for any lawful purpose.

For Fiscal Year 2015, the Service Area levied a property tax rate of 0.002000. The maximum rate at which the Service Area may levy a property tax is limited to 0.002300 per dollar of taxable value of taxable property within the Service Area. Fiscal Year 2015 final information tax collections information is not available but for Fiscal Year 2014, the Service Area collected over \$39 million from property taxes to fund its fiscal operations.

Because property taxes are collected on November 30 of each year under current State law, the Service Area issues tax and revenue anticipation notes to fund its operations until property taxes are collected. For Fiscal Year 2016, the Service Area issued \$23 million of Tax and Revenue Anticipation Notes (which notes are due on December 22, 2016). See “DEBT STRUCTURE OF UNIFIED FIRE SERVICE AREA, UTAH—Historical Tax And Revenue Anticipation Note Borrowing; No Other Debt Obligations” below.

Also see “FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH—Five Year Financial Summaries” “—Certain Property Tax Matters/Ad Valorem Tax Levy and Collection/Historical Property Tax Rates/Tax Collection Record” below.

Form Of Government

The Service Area is governed by the Board of Trustees of the Service Area which consists of eight members with three members appointed from among the elected officials of the County and one member each appointed by the cities of Herriman, Midvale, Riverton, Eagle Mountain, and Taylorsville. If new municipalities become part of the Service Area an additional member would be appointed to the Board of Trustees of the Service Area from the governing body of such municipality. The Board of Trustees of the Service Area meets in regular session on a monthly basis. Special meetings are periodically called as provided in the Service Area's administrative policies.

Current members of the Board of Trustees of the Service Area and certain administrators of the Service Area and their respective terms or appointment in office are as follows:

<u>Office/Representing</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Chair/Mayor, Midvale City	JoAnn Seghini	5.5	January 1, 2019
Vice Chair/Councilmember, SL County	Sam Granato	3	January 1, 2017
Trustee /Councilmember, Riverton.....	Sheldon Stewart	1.5	January 1, 2019
Trustee/Mayor, Eagle Mountain	Christopher Pengra	3.5	January 1, 2018
Trustee/Councilmember, Herriman	Coralee Wessman-Moser	1.5	January 1, 2020
Trustee/Mayor, SL County	Ben McAdams	3	January 1, 2017
Trustee/Councilmember, SL County	Richard Snelgrove	5	January 1, 2017
Trustee/Mayor, Taylorsville	Larry Johnson	1.5	January 1, 2020

Administrative Staff

The Service Area currently has one employee, the Clerk, who has an administrative function for the Service Area. Other administrative services related to planning are provided through independent contractors. Most other administrative services in addition to the fire protection services described above are provided by UFA or officers of UFA. UFA is managed by a Chief Executive Officer, the Fire Chief, who is assisted by the Deputy Fire Chief/Chief Operating Officer, the Chief Financial Officer, the Chief Legal Counsel, and administrative staff. Set forth below are certain administrative personnel that provide services to the Service Area, their affiliations, their titles and their years of professional service:

<u>Office/Representing</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Chief Executive Office/Fire Chief.....	Michael H. Jensen	20	Appointed
Deputy Fire Chief/COO	Gaylord Scott	22	Appointed
Chief Financial Officer.....	Tony Hill	1	Appointed
Clerk	Ryan Perry	14	Appointed
Chief Legal Officer	Karl L. Hendrickson	43	Appointed

Employee Workforce And Retirement System; Other Post-Employment Benefits

Employee Workforce and Retirement System. UFA employs approximately 650 employees as of Fiscal Year 2016. UFA participates in cost-sharing multiple employer public employee retirement systems which are defined benefit retirement plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems ("URS"). The retirement system provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes. The UFA also participates in deferred compensation plans with URS. The retirement and deferred compensation plans are adminis-

tered by the URS under the direction of the URS board, which consists of six members appointed by the Governor of the State and the State Treasurer.

Due to the implementation of Governmental Auditing Standard Board Statement 68, beginning Fiscal Year 2015, UFA is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS. However, the URS is an independent state agency, UFA has no additional payment obligation for any Fiscal Year after paying the contributions required for such year, and UFA does not expect the accounting change required by GASB 68 to have any material impact on the finances or operations of UFA. In its Calendar Year 2014 Comprehensive Annual Financial Report (“CARF”), URS estimated that at December 31, 2014 the UFA’s unaudited proportionate share of the net pension liability was \$1,185,811 (assuming a 7.5% discount rate) and that its proportionate share of plan pension expense was \$275,870. UFA has not determined at this time what its actual net pension liability will be for Fiscal Year 2015. A copy of the Calendar Year 2014 CAFR for the URS retirement system may be found at <https://www.urs.org/publications/members>.

Other Post-Employment Benefits. Before December 31, 2013 UFA offered post-employment healthcare benefits (which are currently funded on a pay-as-you-go basis). UFA engaged an actuarial consultant to calculate the UFA’s post-employment benefits liability. Results of this study indicate that as of the beginning of Fiscal Year 2014, the total unfunded actuarial accrued liability (“UAAL”) for UFA’s other post-employment benefits was \$4,329,961. The annual amount required to be paid to amortize this liability over 14 years and to accumulate an appropriate amount for current employees so that the UAAL does not increase (the “Annual Required Contribution or “ARC”) as of the beginning of Fiscal Year 2014 is \$348,982.

UFA terminated its post-employment healthcare benefit effective December 31, 2013. Employees retiring from the UFA prior to that date will be eligible to take the benefit. A voluntary employees’ beneficiary association (a “VEBA”) healthcare program has been created to receive contributions toward post-employment healthcare expenses. Contributions to VEBA will be made from annual appropriations with no ongoing guarantee of employer contributions. UFA will obtain an update to its actuarial analysis of the UAAL and ARC based on actual retirements and benefit eligibility as of June 2016.

For the Fiscal Year 2015 the Service Area funds approximately 81% of UFA costs; thus its portion of the ARC as of Fiscal Year 2015 was approximately \$284,000.

The Service Area does not expect that UFA’s other post-employment benefits liability nor any increased funding of post-employment benefits will have a material adverse effect on the Service Area’s finances.

Risk Management

The Service Area is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. It is the policy of the Service Area to purchase commercial insurance for these risks (which commercial insurance has no deductibles). Various policies are purchased through an insurance agency to cover liability, theft, damage and other losses. A deductible applies to certain policies which the Service Area pays in the event of any losses. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. *The Service Area believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the Service Area provides.*

Investment Of Funds

The State Money Management Act. The State Money Management Act, Title 51, Chapter 7 of the Utah Code (the “Money Management Act”), governs and establishes criteria for the investment of all public funds held by public treasurers in the State. The Money Management Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, obligations of the State and political subdivisions of the State, U.S. Treasury and approved federal government agency and instrumentality securities, certain investment agreements and repurchase agreements and investments in corporate securities meeting certain ratings requirements. The Money Management Act establishes the State Money Management Council (the “Money Management Council”) to exercise oversight of public deposits and investments. The Money Management Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The Service Area is currently complying with all of the provisions of the Money Management Act for all Service Area operating funds.

The Utah Public Treasurers’ Investment Fund. A significant portion of Service Area funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

All securities purchased are delivered versus payment to the custody of the State Treasurer or the State Treasurer’s safekeeping bank, assuring a perfected interest in the securities. Securities owned by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the Money Management Council and is audited by the State Auditor. The PTIF is not rated.

See “APPENDIX B—FINANCIAL REPORT OF UNIFIED FIRE SERVICE AREA, UTAH FOR FISCAL YEAR 2014—Notes to Basic Financial Statements—Note 2. Cash, Cash Equivalents and Investments” (page B-17).

Investment of 2016 Bond Proceeds. Certain proceeds of the 2016 Bonds, for the 2016 Project, will be held by the Trustee and invested so as to be readily available. The 2016 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the Money Management Act.

Population

Using 2014 U.S. Census Bureau data the Service Area estimates its population at approximately 335,000. It is estimated that approximately 148,250 people are located in the unincorporated County area; 28,556 people in Herriman City; 31,725 people in Midvale City; 41,457 people in Riverton City; 60,433 people in Taylorsville City; and 24,217 people in Eagle Mountain City (Utah County).

This historical population of the County and State is as follows.

	<u>County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2014 Estimate.....	1,091,742	6.0%	2,900,872	5.0%
2010 Census.....	1,029,655	14.6	2,763,885	23.8
2000 Census.....	898,387	23.7	2,233,169	29.6
1990 Census.....	725,956	17.3	1,722,850	17.9
1980 Census.....	619,066	35.0	1,461,037	37.9
1970 Census.....	458,607	19.7	1,059,273	18.9
1960 Census.....	383,035	39.3	890,627	29.3
1950 Census.....	274,895	29.9	688,862	25.2
1940 Census.....	211,623	9.0	550,310	8.4
1930 Census.....	194,102	21.9	507,847	13.0
1920 Census.....	159,282	21.2	449,396	20.4
1910 Census.....	131,426	69.1	373,351	34.9

(Source: U.S. Department of Commerce, Bureau of the Census.)

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Employment, Income, Construction, and Sales Taxes Within Salt Lake County and the State of Utah

Labor Force, Nonfarm Jobs and Wages within Salt Lake County

	Calendar Year (1)						% change from prior year				
	2015 3Q	2014	2013	2012	2011	2010	2014-15	2013-14	2012-13	2011-12	2010-11
Civilian labor force.....	589,256	577,571	571,229	557,101	546,644	548,378	2.0	1.1	2.5	1.9	(0.3)
Employed persons.....	569,865	556,398	545,729	527,698	510,425	506,309	2.4	2.0	3.4	3.4	0.8
Unemployed persons.....	19,391	21,173	25,500	29,403	36,219	42,069	(8.4)	(17.0)	(13.3)	(18.8)	(13.9)
Total private sector (average).....	565,635	540,662	528,937	511,092	491,778	481,542	4.6	2.2	3.5	3.9	2.1
Agriculture, forestry, fishing and hunting.....	203	179	194	213	217	234	13.4	(7.7)	(8.9)	(1.8)	(7.3)
Mining.....	2,757	2,948	3,399	3,652	3,220	2,628	(6.5)	(13.3)	(6.9)	13.4	22.5
Utilities.....	1,577	1,483	1,460	1,532	1,540	1,581	6.3	1.6	(4.7)	(0.5)	(2.6)
Construction.....	34,470	31,621	30,606	30,535	29,493	29,724	9.0	3.3	0.2	3.5	(0.8)
Manufacturing.....	53,743	52,468	52,562	52,503	51,174	50,231	2.4	(0.2)	0.1	2.6	1.9
Wholesale trade.....	31,748	30,538	30,758	31,161	29,969	28,421	4.0	(0.7)	(1.3)	4.0	5.4
Retail trade.....	69,306	67,280	66,412	64,161	60,869	61,538	3.0	1.3	3.5	5.4	(1.1)
Transportation and warehousing.....	30,244	28,319	27,984	27,125	26,018	24,916	6.8	1.2	3.2	4.3	4.4
Information.....	18,170	18,154	17,937	17,468	16,248	16,296	0.1	1.2	2.7	7.5	(0.3)
Finance and insurance.....	43,661	40,888	39,525	37,556	37,118	36,498	6.8	3.4	5.2	1.2	1.7
Real estate, rental and leasing.....	9,970	9,609	9,294	9,168	9,010	8,808	3.8	3.4	1.4	1.8	2.3
Professional, scientific, and technical services.....	49,794	46,708	43,994	40,654	38,043	36,898	6.6	6.2	8.2	6.9	3.1
Management of companies and enterprises.....	16,754	16,559	16,319	16,109	15,664	15,335	1.2	1.5	1.3	2.8	2.1
Admin., support, waste mgmt., remediation.....	51,729	48,327	46,489	43,552	41,782	39,019	7.0	4.0	6.7	4.2	7.1
Education services.....	12,203	12,215	11,697	10,769	10,244	9,620	(0.1)	4.4	8.6	5.1	6.5
Health care and social assistance.....	62,333	59,778	59,266	57,259	56,171	55,612	4.3	0.9	3.5	1.9	1.0
Arts, entertainment and recreation.....	7,808	7,430	7,098	6,892	6,492	6,638	5.1	4.7	3.0	6.2	(2.2)
Accommodation and food services.....	48,233	46,218	44,774	42,550	40,787	39,970	4.4	3.2	5.2	4.3	2.0
Other services.....	21,012	20,066	19,338	18,535	17,893	17,766	4.7	3.8	4.3	3.6	0.7
Unclassified establishments.....	123	56	26	19	46	49	119.6	115.4	36.8	(58.7)	(6.1)
Total public sector (average).....	97,278	98,849	95,372	92,821	91,232	89,717	(1.6)	3.6	2.7	1.7	1.7
Federal.....	11,195	10,374	10,210	10,265	10,665	10,963	7.9	1.6	(0.5)	(3.8)	(2.7)
State.....	44,217	44,389	41,904	39,663	38,338	37,619	(0.4)	5.9	5.7	3.5	1.9
Local.....	41,866	44,086	43,259	42,907	42,229	41,135	(5.0)	1.9	0.8	1.6	2.7
Total payroll (in millions)..... \$	7,948	\$ 30,472	\$ 28,858	\$ 27,728	\$ 25,917	\$ 24,829	(73.9)	5.6	4.1	7.0	4.4
Average monthly wage..... \$	3,997	\$ 3,971	\$ 3,852	\$ 3,826	\$ 3,705	\$ 3,622	0.7	3.1	0.7	3.3	2.3
Average employment.....	662,910	639,511	624,309	603,913	583,010	571,259	3.7	2.4	3.4	3.6	2.1
Establishments.....	41,932	40,022	38,702	36,826	35,890	35,625	4.8	3.4	5.1	2.6	0.7

(1) Utah Department of Workforce Services.

Employment, Income, Construction, and Sales Taxes Within Salt Lake County and the State of Utah—continued

Personal Income; Per Capital Personal Income; Median Household Income within Salt Lake County and the State of Utah (1)

	Calendar Year						% change from prior year				
	2015	2014	2013	2012	2011	2010	2014–15	2013–14	2012–13	2011–12	2010–11
Total Personal Income (in \$1,000's):											
Salt Lake County.....	na	\$ 46,437,317	\$ 44,606,458	\$ 43,239,418	\$ 40,900,951	\$ 38,343,743	–	4.1	3.2	5.7	6.7
State of Utah.....	116,992,288	110,841,885	106,072,574	102,772,080	96,888,550	90,483,243	5.5	4.5	3.2	6.1	7.1
Total Per Capita Personal Income:											
Salt Lake County.....	na	42,535	41,269	40,623	39,013	37,121	–	3.1	1.6	4.1	5.1
State of Utah.....	39,045	37,664	36,542	35,995	34,415	32,614	3.7	3.1	1.5	4.6	5.5
Median Household Income:											
Salt Lake County.....	na	62,536	61,716	58,743	56,166	56,664	–	1.3	5.1	4.6	(0.9)
State of Utah.....	na	60,943	59,715	57,067	55,802	54,740	–	2.1	4.6	2.3	1.9

Construction within Salt Lake County (2)

	Calendar Year						% change from prior year				
	2015	2014	2013	2012	2011	2010	2014–15	2013–14	2012–13	2011–12	2010–11
Number new dwelling units.....	6,058.0	6,529.0	5,153.0	2,934.0	2,399.0	2,193.0	(7.2)	26.7	75.6	22.3	9.4
New (in \$1,000's):											
Residential value.....	\$ 1,029,441.8	\$ 995,150.6	\$ 900,980.4	\$ 634,610.0	\$ 471,042.4	\$ 400,992.6	3.4	10.5	42.0	34.7	17.5
Non-residential value.....	595,354.5	517,995.9	423,440.4	608,594.4	726,034.3	308,135.7	14.9	22.3	(30.4)	(16.2)	135.6
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	83,507.4	95,237.0	52,851.3	100,726.7	47,114.4	74,234.0	(12.3)	80.2	(47.5)	113.8	(36.5)
Non-residential value.....	352,053.5	421,514.0	218,580.2	245,542.5	395,965.3	263,909.0	(16.5)	92.8	(11.0)	(38.0)	50.0
Total construction value (in \$1,000's).....	<u>\$ 2,060,357.2</u>	<u>\$ 2,029,897.5</u>	<u>\$ 1,595,852.3</u>	<u>\$ 1,589,473.6</u>	<u>\$ 1,640,156.4</u>	<u>\$ 1,047,271.3</u>	1.5	27.2	0.4	(3.1)	56.6

Sales Taxes Within Salt Lake County and the State of Utah (3)

	Calendar Year						% change from prior year				
	2014	2013	2012	2011	2010	2009	2013–14	2012–13	2011–12	2010–11	2009–10
Gross Taxable Sales (in \$1,000's):											
Salt Lake County.....	\$ 22,940,973	\$ 21,986,133	\$ 21,387,821	\$ 19,672,228	\$ 18,498,826	\$ 18,286,629	4.3	2.8	8.7	6.3	1.2
State of Utah.....	51,709,163	49,404,046	47,531,180	44,335,559	41,907,568	41,924,223	4.7	3.9	7.2	5.8	(0.0)
	Fiscal Year						% change from prior year				
	2014	2013	2012	2011	2010	2009	2013–14	2011–12	2010–11	2009–10	2008–09
Local Sales and Use Tax Distribution:											
Salt Lake County (and all cities).....	\$200,829,369	\$195,073,246	\$183,870,893	\$170,917,371	\$166,606,416	\$180,264,265	3.0	6.1	7.6	2.6	(7.6)

(1) U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau.

(2) University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.

(3) Utah State Tax Commission.

Largest Employers

The County is the business and financial center for most of the major businesses and industries in the State. The Church of Jesus Christ of Latter-day Saints is believed to employ approximately 6,000 to 12,000 employees; however, the church does not provide employment numbers. Major employers (over 1,000 employees) in the County area include:

Employer (Location)	Business	Range of Number of Employees
State of Utah (county-wide).....	All services	8,110–16,700
Granite School District (county-wide).....	Education services (1)	6,050–13,320
University of Utah Hospital (Salt Lake).....	Health care and social assistance	5,100–7,250
Salt Lake County (county-wide).....	Public administration	5,050–7,100
Intermountain Medical Center (Murray)	Health care and social assistance	5,000–7,000
Jordan School District (county-wide)	Education services (1)	4,990–11,500
Discover Products (Salt Lake).....	Finance and insurance	3,000–4,000
L3 Communications Corp. (Salt Lake).....	Manufacturing	3,000–4,000
University of Utah (Salt Lake)	Education services	3,000–4,000
The Canyons School District (county-wide).....	Education services (1)	2,950–6,350
Wal Mart (county-wide)	Retail trade (2)	2,950–6,000
Delta Airlines (Salt Lake).....	Transportation and warehousing (3)	2,600–4,260
Smiths (county-wide).....	Retail trade (2)	2,500–5,900
Salt Lake City School District (Salt Lake)	Education services	2,340–5,025
U. S. Postal Service (Salt Lake).....	Transportation and warehousing	2,280–4,760
Wells Fargo Bank/Advisors (county-wide).....	Finance and insurance	2,275–4,725
Zions Bank (county-wide)	Finance and insurance (2)	2,220–4,695
Salt Lake City (Salt Lake)	Public administration (1)	2,100–5,250
Skywest Airlines (Salt Lake).....	Transportation and warehousing	2,100–3,250
C.R. England Inc. (Salt Lake).....	Transportation and warehousing	2,000–3,000
Jet Blue Airways (Salt Lake).....	Administration (3)	2,000–3,000
Primary Childrens Med Center (Salt Lake).....	Health care and social assistance	2,000–3,000
VA Salt Lake City Health Care Systems (Salt Lake)	Health care and social assistance	2,000–3,000
Salt Lake Community College (county-wide)	Education services	1,900–3,850
Associated Reg. & University Patholo (Salt Lake)	Health care and social assistance	1,360–2,770
Convergys (Salt Lake City).....	Administration (4)	1,340–2,850
United Parcel Service (Salt Lake).....	Transportation and warehousing (2)	1,325–2,700
American Express (county-wide).....	Finance and insurance (5)	1,280–2,670
Overstock Com Inc. (Salt Lake)	Retail trade (3)	1,250–2,500
Kennecott Utah Copper (county-wide)	Mining; Manufacturing (2)	1,230–2,575
Utah Transit Authority (Salt Lake).....	Transportation and warehousing	1,200–2,600
The Home Depot (various cities).....	Retail trade	1,050–2,500
C3/Customer Contact Channels, Inc. (Salt Lake).....	Administration (3)	1,000–2,000
Clearlink Technologies Payroll (Salt Lake).....	Information	1,000–2,000
Ebay (Draper)	Retail trade	1,000–2,000

(1) Includes transportation and warehousing and utilities.

(2) Also includes management of companies and enterprises.

(3) Also includes administration, support, waste management and remediation.

(4) Includes administration, support, waste management and remediation; and management of companies and enterprises.

(5) Also includes professional, scientific and technical service and administration, support, waste management and remediation.

Largest Employers—continued

<u>Employer (Location)</u>	<u>Business</u>	<u>Range of Number of Employees</u>
Fidelity Brokerage Services LLC (Salt Lake)	Finance and insurance	1,000–2,000
Goldman Sachs and Co. (Salt Lake).....	Finance and insurance	1,000–2,000
Harmons (various cities).....	Retail trade	1,000–2,500
Lake Park Campus (West Valley)	Management of companies and enterprises	1,000–2,000
LDS Hospital (Salt Lake)	Health care and social assistance	1,000–2,000
Merit Medical (South Jordan).....	Manufacturing	1,000–2,000
Selecthealth, Inc. (Salt Lake).....	Finance and insurance	1,000–2,000
St. Marks Hospital (Salt Lake)	Health care and social assistance	1,000–2,000
Staffing Solutions (Salt Lake)	Administration (3)	1,000–2,000
State of Utah Social Services (county-wide).....	Health care and social assistance	1,000–2,000
Strategic Staffing (county-wide).....	Administration (3)	1,000–2,000
Ultradent Products (South Jordan).....	Manufacturing	1,000–2,000

(3) Also includes administration, support, waste management and remediation.

(Source: Utah Department of Workforce Services. Updated March 2015, reflecting information as of September 2014.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Salt Lake County</u>	<u>State of Utah</u>	<u>United States</u>
2015	3.3%	3.5%	5.0%
2014	3.7	3.8	6.2
2013	4.5	4.7	7.4
2012	5.3	5.4	8.1
2011	6.6	6.8	8.9
2010	7.7	7.8	9.6

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF UNIFIED FIRE SERVICE AREA, UTAH

Historical Tax And Revenue Anticipation Note Borrowing; No Other Debt Obligations

Historical Tax and Revenue Anticipation Notes. Under State law, tax and revenue anticipation notes may be issued in anticipation of the collection of ad valorem property taxes and other revenues within a Fiscal Year, for the purpose of payment of current and necessary expenses of a service area, and for other purposes for which funds of the service area may be legally expended. Service area's may issue tax and revenue anticipation notes in an amount not in excess of 90% of the estimated taxes and other revenues of the service area for the current year, and, in the event that such notes are issued prior to the annual tax levy for the year in which such indebtedness is contracted, not in excess of 75% of taxes and other revenues of the service area for the preceding year. Ad valorem property taxes are due at one time each year on November 30th. See "FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA—Certain Property Tax Matters—Ad Valorem Tax Levy and Collection".

The Service Area has issued tax and revenue anticipation notes for the past nine Fiscal Years as follows:

<u>Fiscal Year</u>	<u>Series</u>	<u>Amount</u>	<u>Date of Sale</u>	<u>Type of Sale</u>	<u>Rating (3)</u>
2016 (1).....	2016	\$23,000,000	March 3, 2016	Private placement	Not rated
2015	2015	21,000,000	April 15, 2015	Private placement	Not rated
2014 (2).....	2014	21,000,000	April 2, 2014	Public offering	Not rated
2013	2013	13,000,000	May 1, 2013	Public offering	Not rated
2012	2012	10,000,000	June 20, 2012	Public offering	Not rated
2011	2011	10,000,000	June 28, 2011	Public offering	Not rated
2010	2010	9,100,000	March 16, 2010	Public offering	MIG 1 (4)
2009	2009	12,000,000	February 20, 2009	Public offering	MIG 1 (4)
2008	2008	15,300,000	January 15, 2008	Public offering	Not rated

- (1) *Principal and interest on the 2016 Notes are due December 22, 2016. Not rated; no rating applied for.* The 2016 Notes are issued pursuant to applicable law in anticipation of the collection of taxes to be levied and yet to be collected for Fiscal Year 2016. Pursuant to Utah law and a resolution, the Board of Trustees of the Service Area is required to levy taxes in Fiscal Year 2016 on all taxable property within the Service Area, within the limit provided by law, and together with other budgeted revenues to be received during Fiscal Year 2016, sufficient to pay principal of and interest on the 2016 Notes as the same fall due, to pay all budgeted maintenance and operation and other expenses of the Service Area for Fiscal Year 2016, and will appropriate a sufficient fund for the payment of the principal of and interest on the 2016 Notes as the same shall fall due.
- (2) Issued as federally taxable notes.
- (3) Not rated; no rating applied for, unless otherwise indicated.
- (4) Rated by Moody's.

(Source: Municipal Advisor.)

Other Debt Obligations. Other than the 2016 Notes, the Service Area has no other debt obligations outstanding, as of the date of this OFFICIAL STATEMENT.

Overlapping And Underlying General Obligation Debt Of The Service Area

Although the Service Area has no outstanding general obligation debt, it does levy an ad valorem property tax to support its ongoing financial operations. See "FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH—Historical Property Tax Rates" below.

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<u>Taxing Entity</u>	<u>2015 Taxable Value (1)</u>	<u>Service Area's Portion of Tax- able Value (2)</u>	<u>Service Area's Per- centage</u>	<u>Entity's General Obligation Debt</u>	<u>Service Area's Portion of G.O. Debt</u>
Overlapping:					
State of Utah	\$223,545,800,478	\$20,520,459,767	9.2%	\$2,498,895,000	\$229,898,340
CUWCD (3).....	131,866,281,402	20,520,459,767	15.5	243,215,000	37,698,325
Salt Lake County	83,895,301,385	19,559,701,514	23.4	190,505,000	<u>44,578,170</u>
Total overlapping					<u>312,174,835</u>
Underlying:					
School District:					
Granite	23,295,501,038	8,922,176,898	38.3	181,355,000	69,458,965
Alpine (Utah)	19,699,067,579	945,555,244	4.8	417,155,000	20,023,440
Canyons	17,901,568,060	1,324,716,036	7.4	306,884,000	22,709,416
Jordan.....	17,690,149,455	1,698,254,348	9.6	52,116,000	5,003,136
Sandy Suburban					
Imp. District	3,204,980,047	750,000,000	23.4	8,820,000	2,046,240
Midvale City	1,941,837,976	1,941,837,976	100.0	1,470,000	1,470,000
Magna Water District ..	978,264,934	978,264,934	100.0	8,708,000	<u>8,708,000</u>
Total underlying.....					<u>129,419,197</u>
Total overlapping and underlying general obligation debt					<u>\$441,594,032</u>
Total overlapping general obligation debt (excluding the State) (4)					\$82,276,495
Total direct general obligation bonded indebtedness.....					<u>0</u>
Total direct and overlapping general obligation debt (excluding the State)					<u>\$82,276,495</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium.

- (1) *Preliminary; subject to change.* Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See “FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH—Taxable, Fair Market And Market Value Of Property” below.
- (2) Estimated portions of taxable values within the Service Area.
- (3) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (4) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

Debt Ratios

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the Service Area, the estimated market value of such property and the population of the Service Area. *The State’s general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

	To 2015 Estimated Taxable Value (1)	To 2015 Estimated Market Value (2)	To 2014 Population Estimate Per Capita (3)
Direct general obligation debt.....	0.00%	0.00%	\$ 0
Direct and overlapping general obligation debt.....	0.40	0.27	246

- (1) Based on an estimated 2015 Taxable Value of \$20,520,459,767, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (2) Based on an estimated 2015 Market Value of \$30,764,800,475, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.
- (3) Based on 2014 estimate of 335,000 from information from the U.S. Census Bureau.

(Source: Municipal Advisor.)

See “FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH—Certain Property Tax Matters—Uniform Fees” and “—Taxable, Fair Market And Market Value Of Property” below.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity

The general obligation indebtedness of the Service Area is limited by State law to 12% of the fair market value of taxable property in the Service Area. The debt limit and additional debt incurring capacity of the Service Area shown below are based on the estimated fair market value for 2015 and the calculated valuation from 2015 uniform fees, and are calculated as follows:

Estimated 2015 “Fair Market Value”.....	\$30,764,800,475
2015 valuation from Uniform Fees (1)	<u>152,040,004</u>
Estimated 2015 “Fair Market Value for Debt Incurring Capacity”	<u>\$30,916,840,479</u>
“Fair Market Value for Debt Incurring Capacity” times 12% equals (the “Debt Limit”) .	\$3,710,020,857
Less: currently outstanding general obligation debt	<u>(0)</u>
Additional debt incurring capacity.....	<u>\$3,710,020,857</u>

- (1) Preliminary; subject to change. For debt incurring capacity only, in computing the fair market value of taxable property in the Service Area, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) will be included as a part of the fair market value of the taxable property in the Service Area.

(Source: Municipal Advisor.)

No Defaulted Obligations

The Service Area has never failed to pay principal of and interest on any of its financial obligations when due.

FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH

Fund Structure; Accounting Basis

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The remaining governmental and enterprise funds are combined into a single column and reported as other (nonmajor) funds. Internal service funds are aggregated and reported in a single column on the proprietary fund financial statements.

Revenues and expenditures are recognized using the modified accrual basis of accounting in the governmental fund statements. Revenues are recognized in the accounting period in which they become both measurable and available. “Measurable” means that amounts can be reasonably determined within the current period. “Available” means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues on cost-reimbursement grants are accrued when the related expenditures are incurred.

In the proprietary fund statements and the government-wide statements, revenues and expenses are recognized using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred.

Budget And Appropriation Process

The budget and appropriation process of the Service Area is governed by the budgeting and accounting provisions applicable to all local districts contained in Part 6, Chapter 1 of Title 17B of the Utah Code (the “Local District Act”). Pursuant to the Local District Act, the budget officer of the Service Area is required to prepare budgets for the general fund, special revenue funds, debt service funds, capital project funds and proprietary funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures. Under the Local District Act, the total of anticipated revenues must equal the total of appropriated expenditures.

On or before the first regularly scheduled meeting of the Board of Trustees of the Service Area in November of each year, the budget officer is required to submit to the Board of Trustees of the Service Area a proposed budget for all funds for the Fiscal Year commencing January 1. Various actual and estimated budget data are required to be set forth in the proposed budget including estimated revenue from non-property tax sources available for all funds and the revenue from general property taxes required by all funds. The proposed budget is then tentatively adopted by the Service Area, and may thereafter be amended or revised by the Service Area prior to a public hearing. If the Service Area proposes to budget an increased amount of property tax revenue exclusive of revenues from new growth, the Board of Trustees of the Service Area shall comply with the certain notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the “Property Tax Act”) in adopting the budget. After public notice and hearing, the tentative budget is adopted by the Service Area, subject to further amendment or revisions by the Service Area prior to adoption of the final budget.

On or before December 31 in each year, the final budgets for all funds are adopted by the Board of Trustees of the Service Area. The Local District Act prohibits the Service Area from making any appropriation in the final budget of any fund in excess of the estimated expendable revenue of such fund. The adopted final budget is subject to amendment by the Service Area during the Fiscal Year. However, in order to increase the budget of the general fund or other funds, public notice and hearing must be provided.

Adoption of Ad Valorem Tax Levy. The legislative body of each taxing entity shall adopt a proposed, or, if the tax rate is not more than the certified tax rate, a final, tax rate for the taxing entity in the manner and by the time set forth in the Property Tax Act. The legislative body shall report the rate and levy, and any other information prescribed by rules of the State Tax Commission for the preparation, review, and certification of the rate, to the county auditor of the county in which the taxing entity is located. If the legislative body intends to adopt a tax rate that exceeds the “certified tax rate”, the legislative body must comply with the Property Tax Act in adopting the rate. See in this section “Certain Property Tax Matters” below.

Net Position or Fund Balance. A service area may accumulate net assets in any enterprise or internal service fund or a fund balance in any other fund; but with respect to the general fund, its use shall be restricted to the following purposes: (i) to provide cash to finance expenditures from the beginning of the budget period until general property taxes, sales taxes, or other revenues are collected; (ii) to provide a fund or reserve to meet emergency expenditures; and (iii) to cover unanticipated deficits for future years. The maximum accumulated unappropriated surplus in the general fund, as determined prior to adoption of the tentative budget, may not exceed an amount equal to the greater of: (a) for a service area with a taxable value of \$750 million or more and a population of 100,000 or more (the Service Area falling within this parameter), 20% of the total revenues of the general fund for the current fiscal period; or (b) for any other service area, 50% of the total revenues of the general fund for the current fiscal period; and the estimated total revenues from property taxes for the current fiscal period. Any surplus balance in excess of the above computed maximum shall be included in the estimated revenues of the general fund budget for the next fiscal period and any fund balance exceeding 5% of the total general fund revenues may be used for budgetary purposes or may be placed into a Disaster Recovery Fund established by the Service Area.

Financial Controls

The Service Area utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments, but the Service Area has also empowered the Chief Financial Officer to maintain control by major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Chief Financial Officer checks for sufficient funds again prior to the purchase order being issued and again before the payment check are issued. Voucher payments are also controlled by the Chief Financial Officer for sufficient appropriations.

Five-Year Financial Summaries

The summaries contained herein were extracted from the Service Area’s annual financial reports for Fiscal Years 2010 through 2014 and the Fiscal Year 2015 information has been provide by the Service Area. The summaries themselves have not been audited.

The Service Area’s annual financial report For Fiscal Year 2015 must be completed under State law by June 30, 2016.

Unified Fire Service Area

Statement of Net Position

(This summary has not been audited)

	As of December 31					
	2015 (1)	2014	2013	2012	2011	2010
Assets:						
Capital assets, net of accumulated depreciation...	\$41,524,324	\$40,958,742	\$40,946,218	\$36,076,776	\$33,256,414	\$26,472,605
Cash and cash equivalents.....	7,709,723	6,921,434	7,772,084	13,044,352	15,237,113	14,733,678
Cash and cash equivalents held by fiscal agent....	122	2,599,468	2,597,717	2,638,714	4,574,164	9,671,849
Long-term related party note receivable.....	2,260,759	2,356,307	2,448,114	2,500,000	—	—
Receivables.....	745,027	1,404,266	1,040,225	40,009	2,233,344	250,110
Prepaid expense.....	19,683	9,538	—	45,016	—	—
Deferred charges.....	—	—	—	398,676	418,364	438,052
Deposits.....	—	—	—	—	89,926	—
Total assets.....	52,259,638	54,249,755	54,804,358	54,743,543	55,809,325	51,566,294
Deferred outflows of resources:						
Deposits.....	—	—	8,993	114,926	—	—
Total assets and deferred outflows of resources.....	\$52,259,638	\$54,249,755	\$54,813,351	\$54,858,469	\$55,809,325	\$51,566,294
Liabilities:						
Lease revenue bonds payable:						
Due in more than one year.....	\$28,160,000	\$29,160,000	\$30,115,000	\$31,030,000	\$31,910,000	\$32,600,000
Due within one year.....	1,000,000	955,000	915,000	880,000	690,000	350,000
Accrued liabilities.....	380,375	395,338	407,354	426,674	424,230	423,092
Accounts payable.....	575,595	10,262	53,426	330,813	1,594,965	833,492
Total liabilities.....	30,115,970	30,520,600	31,490,780	32,667,487	34,619,195	34,206,584
Net position:						
Net investment in capital assets.....	12,364,324	13,434,753	12,507,226	10,039,581	7,162,505	5,904,068
Unrestricted.....	9,759,661	7,693,853	8,224,337	9,506,154	10,859,836	1,783,793
Restricted for:						
Debt service.....	0	2,590,380	2,590,380	2,515,670	2,986,219	—
Prepaid expense.....	19,683	9,538	—	45,016	—	—
Capital projects.....	0	631	628	84,561	181,570	—
Restricted.....	—	—	—	—	—	9,671,849
Total net position.....	22,143,668	23,729,155	23,322,571	22,190,982	21,190,130	17,359,710
Total liabilities and net position.....	\$52,259,638	\$54,249,755	\$54,813,351	\$54,858,469	\$55,809,325	\$51,566,294

(1) Unaudited, draft information. Preliminary; subject to change. (Source: The Service Area.)

(Source: Information taken from the Service Area's audited basic financial statements. This summary itself has not been audited.)

Unified Fire Service Area

Statement of Activities (1)

(This summary has not been audited)

Net Expense and Net Position						
December 31						
	2015 (2)	2014	2013	2012	2011	2010
Governmental activities:						
General government.....	\$(42,627,176)	\$(40,834,188)	\$(34,023,614)	\$(30,939,135)	\$(27,685,261)	\$(24,958,790)
Interest on long-term debt.....	(1,645,576)	(1,729,716)	(1,648,572)	(1,741,141)	(1,748,804)	(1,751,042)
Total governmental activities..	<u>(44,272,752)</u>	<u>(42,563,904)</u>	<u>(35,672,186)</u>	<u>(32,680,276)</u>	<u>(29,434,065)</u>	<u>(26,709,832)</u>
General revenues:						
Real property taxes.....	40,039,507	40,374,351	33,506,609	31,951,828	29,884,506	29,859,521
Motor vehicle fees.....	2,499,284	2,444,602	1,881,556	1,721,581	1,540,682	1,645,342
Unrestricted investment earnings.....	148,472	151,286	122,342	164,554	148,433	135,567
Gain (loss) on disposal of assets.....	–	250	–	(156,835)	10,426	–
Miscellaneous income.....	–	–	225	–	–	–
Intergovernmental revenue.....	–	–	–	–	1,680,438	–
Total general revenues.....	<u>42,687,263</u>	<u>42,970,489</u>	<u>35,510,732</u>	<u>33,681,128</u>	<u>33,264,485</u>	<u>31,640,430</u>
Change in net position.....	(1,585,489)	406,585	(161,454)	1,000,852	3,830,420	4,930,598
Net position–beginning.....	23,729,155	23,322,570	22,190,982	21,190,130	17,359,710	12,429,102
Restatements.....	–	–	1,293,043	–	–	–
Net position–ending.....	<u>\$ 22,143,666</u>	<u>\$ 23,729,155</u>	<u>\$ 23,322,571</u>	<u>\$ 22,190,982</u>	<u>\$ 21,190,130</u>	<u>\$ 17,359,700</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete. For a detailed itemized report see “APPENDIX B—FINANCIAL REPORT OF UNIFIED FIRE SERVICE AREA, UTAH FOR FISCAL YEAR 2014—Statement of Activities for the Fiscal Year Ended December 31, 2014” below.

(1) Unaudited, draft information. Preliminary; subject to change. (Source: The Service Area.)

(Source: Information taken from the Service Area’s audited basic financial statements. This summary itself has not been audited.)

Unified Fire Service Area
Balance Sheet
Governmental Funds—Major Funds
General Fund

(This summary has not been audited)

	Fiscal Year Ended December 31					
	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:						
Current assets:						
Cash and cash equivalents.....	\$ 7,709,723	\$ 6,921,434	\$ 7,772,084	\$ 13,044,352	\$ 15,237,113	\$ 14,733,678
Receivables:						
Taxes receivable.....	729,355	1,385,058	1,024,553	33,125	552,906	240,570
Due from related parties.....	15,672	19,208	15,672	4,444	—	—
Due from other governments.....	—	—	—	2,440	1,680,438	9,540
Net receivables.....	745,027	1,404,266	1,040,225	40,009	2,233,344	250,110
Prepaid expense.....	19,683	9,538	—	45,016	395,839	—
Total assets.....	8,474,433	8,335,238	8,812,309	13,129,377	17,866,296	14,983,788
Deferred outflows of resources:						
Deposits.....	—	—	8,993	114,926	89,926	—
Total assets and deferred outflows of resources.....	\$ 8,474,433	\$ 8,335,238	\$ 8,821,302	\$ 13,244,303	\$ 17,956,222	\$ 14,983,788
Liabilities:						
Accounts payable.....	\$ 575,595	\$ 10,262	\$ 53,426	\$ 330,813	\$ 322,981	\$ 12,154
Accrued liabilities.....	4,389	4,424	6,692	6,208	3,764	2,626
Due to other funds.....	—	—	—	—	3,000	—
Total liabilities.....	579,984	14,686	60,118	337,021	329,745	14,780
Fund balances:						
Unassigned.....	7,874,765	8,311,014	8,642,811	12,738,494	14,053,038	14,969,008
Nonspendable:						
Prepaid expense.....	19,684	9,538	—	45,016	395,839	—
Assigned for:						
Capital outlay.....	—	—	118,373	123,772	3,177,600	—
Total fund balances.....	7,894,449	8,320,552	8,761,184	12,907,282	17,626,477	14,969,008
Total liabilities and fund balances.....	\$ 8,474,433	\$ 8,335,238	\$ 8,821,302	\$ 13,244,303	\$ 17,956,222	\$ 14,983,788

(1) Unaudited, draft information. Preliminary; subject to change. (Source: The Service Area.)

(Source: Information taken from the Service Area's audited basic financial statements. This summary itself has not been audited.)

Unified Fire Service Area

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds—Major Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended December 31					
	2015 (1)	2014	2013	2012	2011	2010
Revenues:						
Real property taxes.....	\$40,039,507	\$40,374,351	\$33,506,609	\$31,951,828	\$29,884,506	\$29,859,521
Motor vehicle fees.....	2,499,284	2,444,602	1,881,556	1,721,581	1,540,682	1,645,342
Impact fees.....	1,855,819	1,072,781	1,025,880	510,154	402,285	89,241
Investment earnings.....	140,978	138,289	107,505	139,450	105,202	38,332
Other income.....	—	—	225	—	—	10
Intergovernmental.....	—	—	—	—	1,680,438	—
Total revenues.....	<u>44,535,588</u>	<u>44,030,023</u>	<u>36,521,775</u>	<u>34,323,013</u>	<u>33,613,113</u>	<u>31,632,446</u>
Expenditures:						
Current:						
Operations.....	45,034,087	42,793,287	35,882,815	32,278,637	28,156,117	24,086,057
General and administrative.....	941,715	631,898	633,529	529,226	528,088	427,027
Salaries and benefits.....	36,018	38,789	46,081	38,433	30,563	20,296
Capital outlay.....	1,515,582	937,849	4,082,428	3,583,491	2,143,440	569,575
Debt service:						
Interest.....	82,839	104,389	51,406	91,671	78,534	73,772
Debt issuance cost and fees.....	39,770	56,250	23,500	20,750	30,602	31,525
Principal.....	—	—	—	10,000,000	10,000,000	9,100,000
Total expenditures.....	<u>47,650,011</u>	<u>44,562,462</u>	<u>40,719,759</u>	<u>46,542,208</u>	<u>40,967,344</u>	<u>34,308,252</u>
Revenues over (under) expenditures.....	<u>(3,114,423)</u>	<u>(532,439)</u>	<u>(4,197,984)</u>	<u>(12,219,195)</u>	<u>(7,354,231)</u>	<u>(2,675,806)</u>
Other financing sources (uses):						
Principal payments received from related party....	95,548	91,807	51,886	—	—	—
Issuance of short-term debt.....	—	—	—	10,000,000	10,000,000	9,100,000
Loans to related party.....	—	—	—	(2,500,000)	—	—
Transfers in from Debt Service Fund.....	2,592,771	—	—	—	11,700	—
Proceeds from sale of capital assets.....	—	—	—	—	11,700	—
Total other financing sources (uses).....	<u>2,688,319</u>	<u>91,807</u>	<u>51,886</u>	<u>7,500,000</u>	<u>10,023,400</u>	<u>9,100,000</u>
Net change in fund balances.....	<u>(426,104)</u>	<u>(440,632)</u>	<u>(4,146,098)</u>	<u>(4,719,195)</u>	<u>2,669,169</u>	<u>6,424,194</u>
Fund balances—beginning of year.....	<u>8,320,552</u>	<u>8,761,184</u>	<u>12,907,282</u>	<u>17,626,477</u>	<u>14,969,008</u>	<u>8,544,814</u>
Fund balances—end of year.....	<u>\$ 7,894,448</u>	<u>\$ 8,320,552</u>	<u>\$ 8,761,184</u>	<u>\$ 12,907,282</u>	<u>\$ 17,638,177</u>	<u>\$ 14,969,008</u>

(1) Unaudited, draft information. Preliminary; subject to change. (Source: The Service Area.)

(Source: Information taken from the Service Area's audited basic financial statements. This summary itself has not been audited.)

Certain Property Tax Matters

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information relating to a major source of general fund revenues of the Service Area. As described herein, the 2016 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the Service Area or the Authority. See “RISK FACTORS” above.

Ad Valorem Tax Levy And Collection

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property (as defined under “Property Tax Matters” below) by May 1 of each year. County assessors must assess all locally-assessed property (as defined under “Property Tax Matters” below) before May 22 of each year. The State Tax Commission apportions the value of centrally-assessed property to the various taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate before June 22; provided if the governing body has not received the taxing entity’s certified tax rate at least seven days prior to June 22, the governing body of the taxing entity must, no later than 14 days after receiving the certified tax rate from the county auditor, adopt a proposed tax rate or, if the tax rate is not more than the certified tax rate, a final tax rate. County auditors must forward to the State Tax Commission a statement prepared by the legislative body of each taxing entity showing the amount and purpose of each levy. Upon determination by the State Tax Commission that the tax levies comply with applicable law and do not exceed maximum permitted rates, the State Tax Commission notifies county auditors to implement the levies. If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum levy permitted by law, notify the taxing entity that the rate has been lowered and notify the county auditor (of the county in which the taxing entity is located) to implement the rate established by the State Tax Commission.

On or before July 22 of each year, the county auditors provide notice to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally-assessed property or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post-hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. On or before November 1, each county treasurer furnishes each taxpayer a notice containing, among other things, the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review.

Taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no

prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must hold a public hearing as described in “Public Hearing On Certain Tax Increases” below. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. A resolution levying a tax in excess of the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing On Certain Tax Increases

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so (by resolution) after holding a properly noticed public hearing. Generally, the certified tax rate is the rate necessary to generate the same property tax revenue that the taxing entity budgeted for the prior year, with certain exclusions. For purposes of calculating the certified tax rate, county auditors are to use the taxable value of property on the assessment rolls, exclusive of new growth. New growth is any increase in taxable value of the taxing entity from the previous calendar year to the current year less the amount of increase to locally-assessed real property taxable values resulting from factoring, reappraisal, other adjustments, or changes in the method of apportioning taxable value. With certain exceptions, the certified tax rate for the minimum school levy, debt service voted on by the public and certain state and county assessing and collecting levies are the actual levies imposed for such purposes and no hearing is required for these levies.

The time and procedures for holding the public hearing vary based on the fiscal year of the taxing entity. In general, notice of the public hearing must be mailed to all property owners, published in a newspaper and posted to certain Web sites. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

The Property Tax Act provides that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Pursuant to an exemption for residential property provided for under the Property Tax Act and Article XIII of the State Constitution, the “fair market value” of residential property is reduced by 45%. The residential exemption is limited to one acre of land per residential unit and to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) proper-

ties, (iii) airline operating properties, (iv) geothermal fluids and resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally-assessed property”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

The State Tax Commission and the county assessors utilize various valuation methods, as determined by statute, administrative regulation or accepted practice, to determine the “fair market value” of taxable property.

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 12,001 pounds or more, watercraft, recreational vehicles and all other tangible personal property required to be registered with the State, excluding exempt property such as aircraft and property subject to a fixed age-based fee. Motor vehicles weighing 12,000 pounds or less and certain other vehicles are subject to an age-based fee that is due each time the vehicle is registered. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property is distributed.

Historical Property Tax Rates

The maximum rate of levy applicable to the Service Area for general fund operations authorized by Utah law is 0.002300 per dollar of taxable value of taxable property within the Service Area.

		Property Tax Rate (Calendar Year)					
		Maximum					
		Limit (1)	2015	2014	2013	2012	2011
General operations .....	.002300		.001997	.002088	.002192	.002079	.002028
Judgment levy (1)	none		.000003	.000009	.000000	.000000	.000000
Total .....			.002000	.002097	.002192	.002079	.002028

- (1) Recent State laws allow the Service Area to levy a tax rate sufficient to capture the certified rate revenue calculated in accordance with State law even if that tax rate exceeds the statutory tax rate ceiling of the Service Area.
- (2) A “judgment levy” is levied for the purpose of collecting additional revenues. The Service Area has the legal right to levy a “Judgment Levy” in the succeeding tax year to make up for any tax revenue shortfall due to tax or revaluation “judgment” circumstances that the Service Area had no control over.

(Source: Reports from the Utah State Tax Commission.)

Comparative Ad Valorem Total Property Tax Rates

This table reflects property tax rates within Salt Lake County and Utah County (as noted). Municipal entities included in the Service Area are highlighted in italics.

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Calendar Year)				
	2015	2014	2013	2012	2011
Canyons School District:					
Alta Town .....	.012807	.013323	.013703	.013482	.013140
Cottonwood Heights City .....	.015549	.016280	.016880	.016858	.016417
Draper City (3) (4) .....	.014604	.014620	.018580	.018946	.018575
<i>Midvale City (5)</i>	<i>.015391</i>	<i>.016080</i>	<i>.016822</i>	<i>.016549</i>	<i>.016045</i>
Sandy City .....	.015000	.015386	.016052	.015970	.015494
Granite School District:					
Holladay City .....	.013557	.014099	.014524	.014300	.013805
Murray City (3) .....	.013795	.014343	.014702	.014584	.014061
Salt Lake City (3) .....	.015504	.016731	.017318	.016838	.016030
South Salt Lake City .....	.013806	.014351	.014918	.014653	.013901
<i>Taylorsville City (3) (5)</i>	<i>.016206</i>	<i>.016820</i>	<i>.016642</i>	<i>.015881</i>	<i>.014767</i>
West Jordan City (3) .....	.015239	.015830	.016517	.016386	.015042
West Valley City .....	.017844	.018598	.019363	.019412	.018322
Jordan School District:					
Bluffdale Town .....	.012573	.013082	.013877	.013736	.013500
Draper City (3) .....	.013008	.013497	.014286	.014163	—
<i>Herriman City (5)</i>	<i>.015667</i>	<i>.016289</i>	<i>.017194</i>	<i>.016619</i>	<i>.014376</i>
Murray City (3) .....	.012276	.012733	.013419	.013331	.013130
<i>Riverton City (5)</i>	<i>.015306</i>	<i>.015905</i>	<i>.016776</i>	<i>.016184</i>	<i>.014838</i>
South Jordan City .....	.013389	.013916	.014839	.014530	.014310
<i>Taylorsville City (3) (5)</i>	<i>.014317</i>	<i>.014847</i>	<i>.014853</i>	<i>.014082</i>	<i>.013493</i>
West Jordan City (3) .....	.015101	.015666	.016620	.016547	.015604
Murray City School District:					
Murray City .....	.012961	.013384	.013811	.012994	.012537
Salt Lake City School District:					
Salt Lake City .....	.017716	.019040	.019899	.019400	.018668
Unincorporated areas (2):					
Canyons School District .....	.017425	.018213	.018861	.018357	.016755
Granite School District .....	.017760	.018536	.019196	.018708	.016736
Jordan School District .....	.016965	.017617	.018561	.018026	.016420
Alpine School District (Utah County):					
Draper City (3) (4) .....	.012583	.012253	.016499	.017268	.012614
<i>Eagle Mountain City (5)</i>	<i>.012820</i>	<i>.013896</i>	<i>.014951</i>	<i>.012882</i>	<i>.013867</i>

- (1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.
- (2) These tax rates represent a taxing district within the unincorporated municipalities within the County with the highest combined total tax rates of all overlapping taxing districts.
- (3) Portions of these cities boundaries are within two or more school district boundaries.
- (4) A portion of the city is also located in Utah County.
- (5) This city is located within the boundaries of the Service Area.

(Source: Information taken from reports of the State Tax Commission. Compiled by the Municipal Advisor.)

Taxable, Fair Market/Market Value Of Ad Valorem Property

<u>Cal-endar Year</u>	<u>Taxable Value (4)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market/ Market Value (5)</u>	<u>% Change Over Prior Year</u>
2015 (1).....	\$20,520,459,767	4.6%	\$30,764,800,475	4.6%
2014 (2).....	19,612,980,926	25.9	29,421,857,709	26.5
2013 (3).....	15,578,370,590	(0.7)	23,253,029,163	3.2
2012	15,693,471,845	6.2	22,528,138,302	6.5
2011	14,780,339,717	(3.5)	21,158,705,865	(3.0)

(1) Preliminary; subject to change.

(2) Includes taxable valuation from Taylorsville City, Utah (which valuation was included in the Service Area beginning in Calendar Year 2014).

(3) Includes taxable valuation from Eagle Mountain City, Utah (which valuation was included in the Service Area beginning in Calendar Year 2013).

(4) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2015 was approximately \$411.9 million; for Calendar Year 2014 was approximately \$271 million; for Calendar Year 2013 was approximately \$189.3 million; for Calendar Year 2012 was approximately \$163 million; and for Calendar Year 2011 was approximately \$14.9 million.

(5) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act.

(Source: Reports from the Utah State Tax Commission.)

See “Historical Summaries Of Taxable Value Of Property” below.

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Historical Summaries Of Taxable Values Of Property

	2015		2014	2013	2012	2011
	Taxable Value (1)	% of T.V.	Taxable Value	Taxable Value	Taxable Value (2)	Taxable Value (2)
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Total centrally assessed.....	\$ 3,531,884,369	17.2 %	\$ 3,373,397,068	\$ 2,810,660,180	\$ 4,140,391,068	\$ 4,334,058,372
<i>Set by County Assessor (Locally Assessed)</i>						
Real property:						
Primary residential.....	12,504,060,865	60.9	11,971,821,216	9,371,177,477	8,344,204,312	7,787,379,518
Secondary residential.....	800,000,000	3.9	793,049,140	784,383,970	768,374,430	814,520,890
Commercial and industrial.....	3,000,000,000	14.6	2,770,332,240	2,110,210,950	2,035,736,570	1,496,891,870
FAA (greenbelt).....	1,000,000	0.0	1,057,253	1,120,259	19,200	20,000
Unimproved non FAA (vacant)...	95,000,000	0.5	91,192,722	86,518,853	10,256,320	12,769,830
Agricultural.....	6,000,000	0.0	5,995,670	4,163,230	2,309,820	2,262,020
Total real property.....	16,406,060,865	79.9	15,633,448,241	12,357,574,739	11,160,900,652	10,113,844,128
Personal property (3):						
Primary mobile homes.....	16,800,000	0.1	16,805,963	8,960,779	9,276,913	8,401,329
Secondary mobile homes.....	1,860,000	0.0	1,857,717	2,654,186	1,606,542	1,355,116
Other business personal.....	563,854,533	2.7	587,471,937	398,520,706	381,296,670	322,680,772
Total personal property.....	582,514,533	2.8	606,135,617	410,135,671	392,180,125	332,437,217
Total locally assessed.....	16,988,575,398	82.8	16,239,583,858	12,767,710,410	11,553,080,777	10,446,281,345
Total taxable value.....	\$20,520,459,767	100.0 %	\$19,612,980,926	\$15,578,370,590	\$15,693,471,845	\$14,780,339,717

(1) Preliminary; subject to change.

(2) Does not include Eagle Mountain City (Utah County), Utah.

(3) Does not include taxable valuation associated with SCME (semi-conductor manufacturing equipment).

(Source: Property Tax Division, Utah State Tax Commission.)

Tax Collection Record

Ad valorem property taxes are due on November 30th of each year. Final Calendar Year 2015 tax collections are not available.

Within Salt Lake County

Tax Year End 12/31	(1) Total Taxes Levied	(2) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(3) Deliq., Personal Property and Miscel- leous Col- lections	(4) Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2015*	\$39,175,297	\$296,757	\$38,878,540	\$38,135,416	\$1,303,979	\$39,439,395	98.1%	103.4%
2014	39,152,686	295,821	38,856,865	38,350,742	1,025,383	39,376,125	98.7	101.3
2013	32,145,434	232,255	31,913,179	31,196,602	828,460	32,025,062	97.8	100.4
2012	32,267,523	210,881	32,056,642	31,311,520	640,305	31,951,825	97.7	102.0
2011	29,922,269	188,116	29,734,153	29,091,409	793,096	29,884,505	97.8	100.5
2010	30,168,985	179,289	29,989,696	29,189,464	670,057	29,859,521	97.3	99.6

Within Utah County (Eagle Mountain City)

The Service Area began collecting ad valorem property taxes within Utah County (Eagle Mountain City) in Calendar Year 2013.

Tax Year End 12/31	(1) Total Taxes Levied	(2) Trea- surer's Relief	Net Taxes Assessed	Current Col- lections	(3) Deliq., Personal Property and Miscel- leous Col- lections	(5) Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2015*	\$1,919,263	\$17,351	\$1,901,912	\$1,811,832	\$ 89,267	\$1,901,099	95.3%	100.0%
2014	1,735,668	14,411	1,721,257	1,638,977	123,905	1,762,882	95.2	102.4
2013	1,539,534	9,694	1,529,840	1,445,699	60,503	1,506,202	94.5	98.5

(1) Excludes redevelopment agencies valuation.

(2) Treasurer's Relief includes abatements. These Treasurer's Relief items are levied against the property, but are never collected and paid to the entity.

(3) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.

(4) In addition to the Total Collections indicated above, the Service Area also collected Uniform Fees (fees-in-lieu payments) for tax year 2015 of \$2,280,600*; for tax year 2014 of \$2,278,875; for tax year 2013 of \$1,843,157; for tax year 2012 of \$1,721,581; for tax year 2011 of \$1,540,682; and for tax year 2010 of \$1,645,342; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

(5) In addition to the Total Collections indicated above, the Service Area also collected Uniform Fees (fees-in-lieu payments) for tax year 2015 of \$199,356*; for tax year 2014 of \$175,508; and for tax year 2013 of \$38,399; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.

* Preliminary; subject to change.

(Source: Information taken from Utah State Tax Commission reports and compiled by the Municipal Advisor.)

Some of the Largest Property Tax Taxpayers

The Service Area's single largest property tax payer in Fiscal Year 2015 was Kennecott Utah Copper Corp., a large mining and land development company ("Kennecott"). The company comprised approximately 13.9% of the Service Area's total taxable valuation for Fiscal Year 2015. The top 10 largest property tax payers comprised approximately 18.5% of the Service Area's total taxable valuation for Fiscal Year 2015. *This table does not include any property valuations within Eagle Mountain City (Utah County).*

Taxpayer	Type of Business	2015 Taxable Value (1)	% of the Service Area's 2015 Taxable Value
Kennecott Utah Copper Corp. (2).....	Mineral mining	\$2,878,486,426	13.9%
Pacificorp	Electric utility	315,285,005	1.5
Questar Gas	Natural gas utility	126,717,147	0.6
Verizon Wireless.....	Communications	96,382,004	0.5
Snowbird	Recreation	86,304,053	0.4
Excel Ft. Union LLC.....	Buildings/real estate	81,528,310	0.4
Qwest Corp.	Communications	66,389,990	0.3
IHC Health Services, Inc.	Healthcare	60,005,611	0.3
Northern Utah Healthcare Corp.	Healthcare	57,637,500	0.3
Wal-Mart Real Estate Business Trust	Retail	<u>39,417,800</u>	0.2
Totals		<u>\$3,808,153,846</u>	18.5%

- (1) Taxable Value used in this table excludes the taxable value used to determine Uniform Fees on tangible personal property. See "Taxable, Fair Market And Market Value Of Property" above.
- (2) Kennecott's estimated 2015 taxable valuation in the Service Area includes \$65,842,025 of locally assessed property and \$2,812,644,401 of State assessed property (total property valuation within the County for Kennecott for 2015 was \$3,062,858,511 (approximately 94% of the property taxable value of Kennecott lies within the Service Area's boundaries)).

(Source: Information compiled from reports of the County Auditor and the County's Information Systems by the Municipal Advisor.)

Kennecott. Kennecott is owned and operated by Rio Tinto. From time to time Kennecott appeals the taxable valuation of its property located in the Service Area. On April 10, 2013, a massive landslide occurred in Kennecott's Bingham Canyon Mine. Kennecott is in a continuing process of cleaning up the landslide area, however the mining and processing of minerals is at or near its pre-slide production amounts. As in any year, if Kennecott's taxable value is reduced from the prior year; such reduction could reduce the amount of tax revenue the Service Area realizes from new growth. Furthermore, the taxable value of Kennecott is largely derived from forecasted prices of its commodities—copper, gold, silver, and molybdenum. The Service Area cannot predict the future taxable valuation of Kennecott based on this landslide event, future prices of mineral commodities and tax appeal processes.

LEGAL MATTERS

Absence Of Litigation Concerning The 2016 Bonds

There is no litigation pending or threatened against the 2016 Bonds questioning or in any manner relating to or affecting the validity of the 2016 Bonds.

On the date of the execution and delivery of the 2016 Bonds, certificates will be delivered by the Authority and the Service Area to the effect that to the knowledge of the Authority and the Service Area, there is no action, suit, proceeding or litigation pending or threatened against the Authority or the Service Area, which in any way materially questions or affects the validity or enforceability of the 2016 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Authority or the Service Area.

A non-litigation opinion issued by Chief Legal Officer, Karl L. Hendrickson, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the Service Area or the Authority, or the titles of their respective officers to their respective offices, or the ability of the Service Area, the Authority or their respective officers to authenticate, execute or deliver the 2016 Bonds or such other documents as may be required in connection with the issuance and sale of the 2016 Bonds, or to comply with or perform their respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2016 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2016 Bonds are issued, the legality of the purpose for which the 2016 Bonds are issued, or the validity of the 2016 Bonds or the issuance and sale thereof.

General

All legal matters incident to the authorization and issuance of the 2016 Bonds are subject to the approval of Chapman and Cutler LLP, Bond Counsel to the Authority. Certain legal matter regarding this OFFICIAL STATEMENT will be passed upon by Chapman and Cutler LLP. Certain legal matters will be passed upon for the Authority and the Service Area by Chief Legal Officer, Karl L. Hendrickson. The approving opinion of Bond Counsel will be delivered with the 2016 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in APPENDIX C—PROPOSED FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

TAX EXEMPTION

Federal

Federal tax law contains a number of requirements and restrictions which apply to the 2016 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the Service Area have covenanted to comply with all requirements that must be satisfied in order for the interest on the 2016 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2016 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds.

Subject to the Authority's and the Service Area's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2016 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2016 Bonds is taken into account in computing an adjustment used in determining the federal alternative tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority and the Service Area with respect to certain material facts within the Authority's and the Service Area's knowledge and upon the mathematical computation of the yield on the 2016 Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the 2016 Bonds.

Ownership of the 2016 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2016 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2016 Bonds is the price at which a substantial amount of such maturity of the 2016 Bonds is first sold to the public. The Issue Price of a maturity of the 2016 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the Issue Price of a maturity of the 2016 Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2016 Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Authority and the Service Area comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code; but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2016 Bonds who dispose of 2016 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2016 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2016 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2016 Bond is purchased at any time for a price that is less than the 2016 Bond's stated redemption price at maturity or, in the case of an OID Bond, its Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2016 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2016 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2016 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2016 Bonds.

An investor may purchase a 2016 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2016 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2016 Bond. Investors who purchase a 2016 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2016 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2016 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2016 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2016 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations 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 or not the Service will commence an audit of the 2016 Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2016 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2016 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2016 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2016 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2016 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. Prospective purchasers of the 2016 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2016 Bonds have been rated “Aa2” by Moody’s. An explanation of this rating may be obtained from Moody’s. The Authority did not apply for a rating from Fitch or Standard & Poor’s Rating Services.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2016 Bonds. Such rating reflects only the views of Moody’s and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating given the outstanding 2016 Bonds will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2016 Bonds.

Escrow Verification

Grant Thornton LLP, Minneapolis, Minnesota, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the Escrow Account to pay when due pursuant to prior redemption the redemption price of, and interest on the 2008 Refunded Bonds and the mathematical computations of the yield on the 2016 Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2016 Bonds. Such verifications shall be based in part upon information supplied by the successful bidder(s).

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2016 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. See “APPENDIX A—BASIC DOCUMENTATION.”

Municipal Advisor

The Authority has requested and the Service Area has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Ser-

vice Area with respect to preparation for sale of the 2016 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2016 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Service Area, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty or warranty respecting the accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the Service Area as of December 31, 2014 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Keddington & Christensen, LLC, Certified Public Accountants, Salt Lake City, Utah (“Keddington”), as stated in their report in “APPENDIX B—FINANCIAL REPORT OF UNIFIED FIRE SERVICE AREA, UTAH FOR FISCAL YEAR 2014”. Keddington has not been engaged to perform and has not performed, since the date of their report included in the financial statements, any procedures on the financial statements.

Keddington has not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

Additional Information

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs, laws of the State, court decisions, the Indenture and the Master Lease do not purport to be complete, and reference is made to said State Constitution, statutes, programs, laws, court decisions, Indenture and Master Lease for full and complete statements of their respective provisions.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as a representation of fact.

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

This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the Authority and the County.

Local Building Authority of Unified Fire Service Area, Utah

By: _____

JoAnn Seghini, President

Unified Fire Service Area, Utah

By: _____

JoAnn Seghini, Chair

APPENDIX A

BASIC DOCUMENTATION

The following are certain of the definitions contained in the General Indenture of Trust and the Master Lease and extracts of certain provisions of the General Indenture of Trust and the Master Lease. Reference is hereby made to the actual General Indenture of Trust, and Master Lease for a complete recital of their terms.

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DEFINITIONS

“Act” means collectively, the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended; and/or the Utah Refunding Bond Act, Title 11, Chapter 27 Utah Code Annotated 1953, as amended; and/or the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended.

“Additional Bonds” means all Bonds (other than the Initial Bonds) issued under the General Indenture pursuant to the General Indenture.

“Additional Rentals” means the cost of all taxes, insurance premiums and expenses payable by, and fees of, the Trustee and its Counsel with respect to the Bonds and other charges and costs which the Service Area assumes or agrees to pay exclusively from Service Area Funds under the Master Lease, together with all interest and penalties that may accrue thereon in the event that the Service Area shall fail to pay the same, as specifically set forth in the Master Lease.

“Amendment to Master Lease” means any amendment to the Master Lease between the Authority and the Service Area entered into pursuant to and in compliance with the provisions of the General Indenture.

“Assignment of Ground Lease” means the Assignment of Ground Lease wherein the Authority assigns the Ground Lease to the Trustee as security for the payment of a Series of Bonds.

“Authority” means the Local Building Authority of Unified Fire Service Area, Utah, and its successors.

“Authority Representative” means the person or persons at any time designated to act on behalf of the Authority for purposes of performing any act on behalf of the Authority with respect to a Project by a written certificate furnished to the Service Area and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Authority by any duly authorized officer of the Authority. Such certificate may designate an alternate or alternates. The Authority Representative may be an officer or employee of the Authority or the Service Area.

“Base Rentals” means that portion of the rentals payable under the Master Lease which is pledged to the payment of debt service on the Bonds and to the replenishment of the Debt Service Reserve Fund under the General Indenture.

“Board” means the governing board of the Authority.

“Bond Documents” means the Master Lease, the Security Documents and the General Indenture.

“Bond Fund” means the Local Building Authority of Unified Fire Service Area, Utah Bond Fund established under the General Indenture.

“Bond Fund Year” means each 12-month period beginning April 1 and ending on the next succeeding March 31.

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

“Bondholder,” “Holder” or “Registered Owner” means the person or persons in whose name or names a Bond shall be registered on the books of the Authority kept for that purpose in accordance with provisions of the General Indenture.

“Bonds” means (i) Initial Bonds, (ii) any Refunding Bonds issued pursuant to the General Indenture, and (iii) any Additional Bonds issued pursuant to the General Indenture.

“Business Day” means a legal business day on which banking business is transacted in the Service Area in which the Trustee or Paying Agent has its principal corporate trust office.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Date” means the date of completion of construction of a Project, within the meaning of Section 17A–3–906 of the Building Authority Act, and of final acceptance by the Service Area of such Project as provided in the Master Lease.

“Contractor” means each entity retained by the Service Area pursuant to a Construction Contract to construct all or portions of a project.

“Construction Contract” means any contract or agreement relating to the acquisition, design, development, or construction of a Project or portion thereof.

“Construction Fund” means the Local Building Authority of Unified Fire Service Area, Utah Construction Fund established under the General Indenture.

“Costs of Acquisition and Construction” means:

(1) obligations of the Service Area or the Authority incurred for labor, materials and equipment in connection with a Project;

(2) the cost of payment, performance or other bonds and any and all types of insurance (including but not limited to title insurance) that may be necessary or appropriate to have in effect during the course of a Project;

(3) all costs of planning and designing a Project, including architectural, planning, engineering, legal and fiscal advisors’ fees and the costs incurred by the Service Area or the Authority for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of such Project;

(4) payment of expenses incurred in seeking to enforce any remedy against any Contractor or subcontractor in respect of any default under a contract relating to the acquisition and construction of a Project;

(5) the cost of equipment and furnishings for a Project, the cost of acquiring a site for a Project (or any interest therein) and all other costs authorized by the Building Authority Act which are considered to be a part of the costs of a Project in accordance with generally accepted accounting principles, including but not limited to interest accruing on the Bonds during the period required to complete the acquisition and construction of such Project and for not more than 12 months after the Completion Date;

(6) any sums required to reimburse the Authority or the Service Area for advances by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to a capital account in respect of a Project;

(7) such amounts as the governing body of the Authority shall find to be necessary to provide necessary working capital in connection with a Project; and

(8) all expenses connected with the authorization, sale and issuance of a series of Bonds and the refunding of any Bonds, including the initial fees of the Trustee, escrow agent, rating agency fees, bond insurance premiums, fees for outside attorneys or accountants, whose opinions are required to obtain the issuance of the Bonds, financial advisors’ fees and commissions and printing costs, those amounts as the Authority shall find necessary to establish reserves and maintenance, repair, replacement, and contingency funds and accounts, and the interest on Bonds for a reasonable time prior to, during, and for a reasonable period of time after completion of a Project.

“Debt Service Reserve Fund” means the Local Building Authority of Unified Fire Service Area, Utah Debt Service Reserve Fund established under the General Indenture for the purpose of securing payment of Bonds issued under the General Indenture.

“Debt Service Reserve Requirement,” means with respect to each Series of Bonds issued pursuant to the General Indenture, unless otherwise provided in the related Supplemental General Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original Principal, then determined on the basis of

initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Refunding Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series issued pursuant to the General Indenture (the “Prior Bonds”), then the portion of such Series of Prior Bonds that remain Outstanding immediately after the issuance of such Refunding Bonds and the portion of such Refunding Bonds that is allocable to the refunding of such Series of Prior Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by proceeds from the sale of such Series of Bonds, by a Reserve Instrument as provided in the General Indenture or, if provided in the related Supplemental General Indenture, may be accumulated over time. Each account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

“Direct Obligations” means direct noncallable obligations of (including obligations issued or held in book–entry form on the books of) the Department of the Treasury of the United States of America, obligations unconditionally guaranteed as to principal and interest by the United States of America and evidences of ownership interests in such direct or unconditionally guaranteed obligations.

“Event of Default” means any occurrence or event specified in and defined by the General Indenture.

“Event of Nonappropriation” means a failure by the Service Area to renew the Master Lease by failing or refusing to budget and appropriate sufficient Service Area Funds for the payment of all or any part of the Base Rentals and Additional Rentals for any Renewal Term of the Master Lease as set forth in the Master Lease. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the Service Area fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by the Master Lease or on any earlier or later date on which the Trustee receives written notice from the Service Area that the governing body of the Service Area has failed or refused to make such appropriations and the term of the Master Lease will not be renewed; provided, however, that the Trustee may waive any Event of Nonappropriation which is cured by the Service Area within a reasonable time if, in the Trustee’s judgment, such waiver is in the best interests of the Bondholders, except as otherwise provided in the Master Lease. Notwithstanding anything in the Master Lease to the contrary, the Service Area’s failure or refusal to adopt a final budget in accordance with applicable law within the time provided by the Master Lease which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term shall constitute an Event of Nonappropriation.

“Fiscal Year” means the 12–month period used from time to time by the Service Area for its financial accounting purposes.

“Fitch” means Fitch Ratings Service, Inc., its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Fitch” shall refer to any other nationally recognized securities rating agency designated by the Authority, with the approval of the Trustee.

“Force Majeure” means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; storms; droughts; floods; explosions; breakage or accidents to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the Service Area and not due to its negligence.

“General Indenture” means the General Indenture of Trust dated August 1, 2008, by and between the Authority and the Trustee.

“Ground Lease” means a Ground Lease Agreement entered into by the Owner or Owners of one or more site of the Projects and the Authority.

“General Indenture” means the General Indenture and any supplements or amendments thereto entered into in compliance with the provisions of the General Indenture.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the State and who is not a full-time employee of the Authority, the Service Area or the Trustee.

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

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

“Investment Obligations” 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.

“Lease Term” means the duration of the leasehold estate created in the Projects as provided in the Master Lease, including the Original Term and the Renewal Terms, if any.

“Master Lease” means the Master Lease Agreement dated August 1, 2008, by and between the Authority and the Service Area and any amendments and supplements thereto entered into in accordance with the General Indenture.

“Moody’s” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, with the approval of the Trustee.

“Net Proceeds,” when used with respect to (i) any performance or payment bond proceeds, (ii) proceeds from policies of insurance required by the General Indenture (including any self-insurance), (iii) any condemnation award, (iv) proceeds resulting from a default under a contract relating to the acquisition and construction of a Project (including liquidated damages, if any), or (v) the proceeds of any liquidation of all or portions of a Project, means the amount remaining after deducting all expenses (including, without limitation, attorneys’ fees, Trustee’s fees and costs) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“Original Term” means the portion of the Lease Term which terminated on December 31, 2008.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the General Indenture, except:

- (a) Bonds delivered to the Trustee for cancellation, whether after purchase in the open market or because of payment at, or redemption prior to, maturity;
- (b) Bonds in lieu of which others have been authenticated under the General Indenture; and
- (c) Bonds deemed paid under the General Indenture.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to the General Indenture, and any additional or successor paying agent appointed pursuant to the General Indenture.

“Permitted Encumbrances” means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which the Service Area may, pursuant to the provisions of the Master Lease, permit to remain unpaid; (ii) the Master Lease including any security interests granted therein; (iii) utility access and other easements and rights of way, restrictions and exceptions which the Service Area Representative and the Authority Representative certify in writing to the Trustee will not interfere with the operation of the Projects or impair the marketability of title to the Projects or the general security provided for the Bondholders of the Bonds; (iv) the General Indenture, the Security Documents and related financing statements; (v) the ownership interests of the Service Area in any real or personal property which is the subject of any lease between the Service Area and the Authority that is entered into in the furtherance of any Project; (vi) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right in respect thereof if payment is not yet due under the contract in question; and (vii) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Projects and as do not, in the opinion of Independent Counsel, materially impair the operation or marketability of title to the Projects.

“Project” or “Projects” means collectively each Project identified in a Supplemental General Indenture to be financed or refinanced with a Series of Bonds issued under the General Indenture.

“Project Property” means collectively the sites of the Projects as described in the Master Lease.

“Purchase Option Price” means an amount payable, at the option of the Service Area, at any time for the purpose of terminating the payment obligation of the Service Area under the Master Lease with respect to a Project and purchasing the Authority’s interest in such Project, which amount, when added to the amounts then on deposit in the Bond Fund and the subaccount within the Debt Service Reserve Fund with respect to such Project (other than monies held by the Trustee for the payment of the Bonds under the General Indenture not deemed Outstanding), shall be sufficient (i) to pay, defease, retire and/or redeem all the Outstanding Bonds of the Series of Bonds issued to finance or refinance the particular Project in accordance with the provisions of the General Indenture (including, without limiting the generality of the foregoing, the principal of and interest to maturity or earliest applicable redemption date of the relevant Bonds and premium, if any, thereon, the expenses of defeasance and/or redemption, including escrow agent fees, if any, and fee and expenses of the Service Area, the Authority and the Trustee); (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption; and (iii) to make any payment of rebate with respect to the Bonds to be paid, defeased, retired and/or redeemed.

“Rebatable Arbitrage” shall mean with respect to each Series of Bonds the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

“Rebate Calculation Date” means, with respect to each Series of Bonds, 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 of such Series.

“Rebate Fund” means the Local Building Authority of Unified Fire Service Area, Utah Rebate Fund established under the General Indenture.

“Refunding Bonds” means all Bonds (other than the Initial Bonds) issued pursuant to the General Indenture.

“Regular Record Date” means the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

“Regulations” and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations, promulgated with respect to Sections 103 and 141 through 150 of the Code.

“Renewal Terms” means the optional Renewal Terms of the Lease Term as provided in the Master Lease. “Rentals” means all Base Rentals and Additional rentals payable during the Original Term and each Renewal Term under the Master Lease.

“Required Rebate Deposit” means, with respect to any Series of Bonds an amount determinable as of each Rebate Calculation Date, which when added to amounts then on deposit in the Rebate Fund with respect to such Series of Bonds, if any, equals the aggregate amount of Rebatable Arbitrage for such Series of Bonds less the amount of Rebatable Arbitrage theretofore paid to the United States with respect to such Series of Bonds, if any.

“Reserve Instrument” means a device or instrument issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement. 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. Each Reserve Instrument must either be approved by each Bond Insurer or meet the criteria set forth in the General Indenture.

“Reserve Instrument Agreement” means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental General 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 or the related Supplemental Indenture 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 General Indenture under all Reserve Instruments.

“Reserve Instrument Fund” means the Local Building Authority of Unified Fire Service Area, Utah Revenue Reserve Instrument Fund created in the General Indenture to be held by the Trustee and administered pursuant to the General 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 reduction of the Debt Service Reserve Requirement.

“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.

“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 Authority 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. Each Reserve Instrument Agreement and the Supplemental General Indenture authorizing the execution and delivery of such Reserve Instrument Agreement shall specify the amounts payable under it which, when outstanding, shall constitute Reserve Instrument Repayment Obligations and shall specify the portions of such amounts that are allocable as principal of and as interest on such Reserve Instrument Repayment Obligations.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw–Hill Companies, Inc., its successors and assigns, and, if such entity shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority, with the approval of the Trustee.

“Security Documents” means collectively the security documents described in each Supplemental General Indenture.

“Serial Bonds” means those Bonds other than Term Bonds.

“Series 2008 Bonds” means the Authority’s Lease Revenue Bonds, Series 2008, issued in the aggregate principal amount of \$32,950,000.

“Series 2016 Bonds” means the Authority’s Lease Revenue and Refunding Bonds, Series 2016, issued in the aggregate principal amount of [\$30,760,000].

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental General 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 Area” means the Unified Fire Service Area, Utah, a political subdivision and body corporate and political duly established and existing under and by virtue of the Constitution and laws of the State, and any entity succeeding to its rights and obligations under the Master Lease. Any reference to the “governing body” of the Service Area shall refer to the Board of Trustees of Unified Fire Service Area, Utah, and to any successor governing body as authorized by applicable law.

“Service Area Funds” means all revenues, receipts and other legally available moneys, including, without limitation, (i) payments received by the Service Area from operation of the Projects, (ii) amounts representing capitalized interest during the construction of a Project, and (iii) moneys derived from ad valorem property taxes and other taxes, all to the extent the same are budgeted and appropriated by the governing body of the Service Area for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price under the Master Lease during the Original or any Renewal Term in which the Master Lease may be in effect.

“Service Area Representative” means the person at any time designated to act on behalf of the Service Area for purposes of performing any act with respect to a Project by a written certificate furnished to the Authority and the Trustee containing the specimen signature of such person and signed on behalf of the Service Area by the Chief Executive Officer or Chief Financial Officer or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The Service Area Representative may be an officer or employee of the Authority or the Service Area.

“Sinking Fund Account” means the Local Building Authority of Unified Fire Service Area, Utah Sinking Fund Account of the Bond Fund established under the General Indenture.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each year as specified in the Supplemental General Indenture authorizing Term Bonds for the retirement of such 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 General Indenture.

“State” means the State of Utah.

“Supplemental General Indenture” means any General Indenture between the Authority and the Trustee entered into pursuant to and in compliance with the provisions of the General Indenture.

“Term Bonds” means the Bonds which are subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the General Indenture.

“Trustee” means Zions Bank, a division of ZB, National Association, Corporate Trust Department, Salt Lake City, Utah, and its successors and any association resulting from or surviving any consolidation or merger to which

it or its successors may be a party and any successor trustee at the time serving as successor trustee under the General Indenture.

THE GENERAL INDENTURE OF TRUST

Bond Fund

The Bond Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee has accepted.

There shall be deposited into the Bond Fund all accrued interest received, if any, at the time of the issuance, sale and delivery of the Bonds. In addition, there shall be deposited into the Bond Fund, as and when received, (i) any amount directed to be paid into the Bond Fund pursuant to the Master Lease or any amount in the Debt Service Reserve Fund directed to be paid into the Bond Fund in accordance with the provisions of the General Indenture; (ii) any Net Proceeds of any insurance policy, performance bond or condemnation award to be deposited in the Bond Fund pursuant to the Master Lease; (iii) all Base Rentals, and, if paid by the Service Area, that portion of the Purchase Option Price attributable to the retirement of the applicable Series of Bonds issued under the General Indenture, as specified in the Master Lease; and (iv) all other moneys received by the Trustee under and pursuant to any of the provisions of the General Indenture or of the Master Lease which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Authority covenants and agrees that so long as any of the Bonds issued under the General Indenture are Outstanding it will deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, any moneys which are pledged under the General Indenture for the payment of the principal of and premium, if any, and interest on the Bonds and which are required to be deposited into the Bond Fund.

Except as provided in the General Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity.

Sinking Fund Account

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 General Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental General Indenture or, at the direction of the Authority, 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 General 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).

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.

Debt Service Reserve Fund

The Trustee will maintain the Debt Service Reserve Fund.

Except as otherwise provided in the General Indenture, moneys in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the Debt Service Reserve Requirement. In calculating the amount on deposit in each account of the Debt Service Reserve Fund, the amount of the Reserve Instrument Coverage will be treated as an amount on deposit in each account of the Debt Service Reserve Fund. Each Supplemental General Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement with respect to such Series which may be deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument, or (c) any combination thereof. Funds on deposit in each account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund.

If within five Business Days of any Interest Payment Date the moneys held in the Bond Fund are insufficient to pay all interest, premium, if any, and principal then becoming due on the Bonds, the Trustee shall transfer, on or be-

fore such date, moneys from an account of the Debt Service Reserve Fund to the Bond Fund to the extent necessary so that the amount of money so transferred plus all moneys then held in the Bond Fund shall be sufficient to pay all interest, premium, if any, and principal payments then becoming due and payable on such date.

In the event funds on deposit in 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 an account of the Debt Service Reserve Fund to make up such deficiency and a Reserve Instrument applicable to such Series of Bonds is in effect, the Trustee shall immediately make a demand for payment on such Reserve Instrument, to the maximum extent authorized by such Reserve Instrument, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Authority shall be obligated to reinstate the Reserve Instrument from Base Rentals received from the Service Area under the Master Lease.

No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds is 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 Debt Service Reserve Fund.

In the event that the Service Area shall exercise its option to purchase a Project or Projects and terminate its payment obligations under the Master Lease upon payment of the Purchase Option Price with respect to said Project or Projects, the Trustee shall transfer all moneys held in the Debt Service Reserve Fund applicable to said Project or Projects to the Bond Fund in accordance with the written direction of the Service Area.

In the event moneys are drawn from the related account of the Debt Service Reserve Fund to pay principal, premium, or interest on the related Series of Bonds, such that there shall be remaining in said account an amount less than the Debt Service Reserve Requirement, the Trustee shall immediately give notice to the Authority and the Service Area of such deficiency. Such account shall be replenished to the Debt Service Reserve Requirement by (1) the deposit with the Trustee of moneys received by the Authority from the Service Area as additional Base Rental payment to be paid by the Service Area pursuant to the Master Lease, (2) reinstatement of the Reserve Instrument in accordance with the terms thereof, or (3) a combination of (1) and (2).

Any moneys remaining in the related account of the Debt Service Reserve Fund with respect to a Series of Bonds on the final maturity of said Series of Bonds (whether at stated maturity or upon prior redemption) shall be transferred on such date into the Bond Fund. If the amounts available in the Bond Fund and the related account of the Debt Service Reserve Fund with respect to a Series of Bonds are equal at any time to the amount of principal of and interest on said Series of Bonds to maturity, the Trustee shall transfer all such amounts then held in the related account of the Debt Service Reserve Fund into the Bond Fund, and such amounts so held in the Bond Fund after such transfer shall be credited against the Base Rentals due thereafter under the Master Lease with respect to said Series of Bonds.

If following the payment of principal and interest due on a Series of Bonds on each Interest Payment Date the moneys held in the related account of the Debt Service Reserve Fund exceed the Debt Service Reserve Requirement, all moneys in excess of said sum shall be immediately transferred to the Bond Fund. To the extent so paid, such excess shall reduce the amount of the succeeding Base Rental otherwise payable under the Master Lease.

Moneys at any time on deposit in an account of the Debt Service Reserve Fund shall be used to make up 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.

Construction Fund

The Authority covenants and agrees to take all necessary and appropriate action promptly in approving and ordering disbursements from the Construction Fund in accordance with provisions of the Master Lease. The Trustee is authorized and directed to make each disbursement so requested by the Service Area on behalf of the Authority and to issue its checks therefor, but only in compliance with the provisions of the Master Lease. The Trustee shall keep and maintain adequate records pertaining to each account within the Construction Fund and all disbursements therefrom, and after the related Project has been completed and a certificate of payment of all costs is, or has been, filed as provided in the General Indenture, the Trustee shall file an account thereof with the Authority and the Service Area.

Rebate Fund and Arbitrage Rebate

Should any Series of Bonds be subject to arbitrage rebate, the Trustee shall establish and thereafter maintain, so long as the Bonds are Outstanding, a Rebate Fund and an account therein for each such Series, which shall be held separate and apart from all other funds and accounts established under the General Indenture and from all other moneys of the Trustee.

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 General Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for all Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, less amounts of Rebatable Arbitrage theretofore paid to the United States for all Series of Bonds, the Trustee shall, upon the Authority's request, withdraw from the Rebate Fund and pay to the Authority an amount not to exceed such excess.

The Authority 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. The Authority 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 General Indenture other than the Rebate Fund) within 30 days of each such Rebate Calculation Date. The Authority shall instruct the Trustee to withdraw from the Rebate Fund and pay over to the United States Government with respect to each Series of Bonds: (i) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebatable Arbitrage pertaining to such Series of Bonds, and (ii) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebatable Arbitrage with respect to such Series. The determination of Rebatable Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Authority from the Rebate Fund pursuant to the General Indenture must be verified in writing by an independent public accountant or other qualified professional.

The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Authority and the Service Area of the requirements of this section. By agreeing to give this notice or the notice required by (g) below, the Trustee assumes no responsibility whatsoever for compliance by the Authority with the requirements of Section 148 of the Code or any successor. The Authority expressly agrees that (notwithstanding any other provision of the General 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 Authority to comply with the requirements of said Section 148 or any successor thereof.

The Trustee, on behalf of the Authority shall keep and retain, until the date six years after the retirement of the last of the Bonds of each Series, records with respect to each Series of the Bonds and the investment and expenditure of proceeds thereof to comply with the arbitrage rebate requirements described in this section, including without limitation a complete list of all investments and reinvestments of proceeds of each Series of the Bonds. For purposes of the computation described in this section, the Trustee shall upon request, furnish to the Authority all information in the Trustee's control which is necessary for such computations.

The Authority covenants and agrees that it will not enter into any transaction or cause any transaction to be entered into with respect to the investment of proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified in the General Indenture, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each Series of the Bonds not been relevant to either party.

The provisions described in this section may be amended or deleted, with respect to any or all Series of the Bonds, from the General Indenture upon receipt by the Authority and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the exclusion from gross income of interest on the Bonds.

The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Authority's determinations, calculations and certifications described in this section and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Authority's determinations, calculations, and certifications described in this section.

Investment

Any moneys held as part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, the Cost of Issuance Account, or any other fund or account shall be invested and reinvested by the Trustee in Investment Obligations at the written direction of the Authority in accordance with the provisions of the General Indenture and of the Master Lease. Any such investments shall be held by or under the control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments within the Bond Fund whenever the cash balance therein is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. All income and earnings from the investment of amounts on deposit in any fund shall be retained therein; provided, however, that any moneys held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Bond Fund at least annually.

In computing the amount in any Fund or account, Investment Obligations shall be valued at the fair market value of such Obligations, exclusive of accrued interest. All funds and accounts are to be valued on the basis of a market-to-market valuation conducted semiannually by the Trustee as of each Interest Payment Date.

Additional Bonds

Issuance of Refunding Bonds. So long as the Master Lease is in effect and no Event of Default under the General Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority. Such Additional Bonds shall be payable solely from the Base Rentals and, if paid by the Service Area, the Purchase Option Price and other amounts derived from the leasing of the Project. The Refunding Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Refunding Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental General Indenture, a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the issuance of such Refunding Bonds, and further providing for a revision to the Base Rentals to be paid by the Service Area under the Master Lease to such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Refunding Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and to remain Outstanding), and to extend the Lease Term if the maturity of any of the Refunding Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Refunding Bonds, the rate or rates of interest on the Refunding Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental General Indenture;

(b) If the Bonds theretofore issued were intended to bear interest which is excluded from gross income, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Bonds theretofore issued, for federal income tax purposes, will not be adversely affected by the issuance of the Refunding Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Bonds being refunded or commitment therefor (or if the bonds or other obligations being refunded were not issued pursuant to the General Indenture, an ALTA Mortgagee title insurance policy or commitment therefor), which endorsement or policy shall insure to the date of issuance of such Refunding Bonds and the recording of any supplement or amendment to the Security Documents the continuing validity of the lien thereof, as modified by any supplement or amendment to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or policy shall increase the amount of title insurance coverage thereunder, if necessary, to an amount, which when added to the coverage provided under any other title policies delivered with respect to other Bonds then Outstanding, is at least equal to the aggregate principal amount of all Bonds to be Outstanding following said refunding and naming the Trustee as an insured;

(d) (i) A report of an independent firm of certified public accountants to the effect that, upon the issuance of the Refunding Bonds, moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient to cause the Bonds (or other obligations) being refunded to be deemed paid under the General Indenture (or a comparable provision of the documents authorizing the obligations to be refunded); or (ii) in the event

that the Bonds (or other obligations) to be refunded are to be redeemed on the date of issuance of the Refunding Bonds or within 60 days thereafter, there shall be delivered to the Trustee evidence satisfactory to it that upon the issuance of the Refunding Bonds moneys and Direct Obligations will be deposited with the Trustee or an escrow agent sufficient, without taking into account investment earnings thereon, to redeem the Bonds (or other obligations);

(e) A certificate of the Authority, stating that, as of the date of such delivery, no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the General Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Refunding Bonds if: (i) the issuance of such Refunding Bonds otherwise complies with the provisions of the General Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Refunding Bonds and the application of the proceeds thereof.

Each Series of Refunding Bonds issued pursuant to the General Indenture shall be equally and ratably secured under the General Indenture with the Initial Bonds and all other Series of Refunding Bonds and Additional Bonds, if any, theretofore issued pursuant to the General Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Issuance of Additional Bonds. So long as the Master Lease is in effect and no Event of Default under the General Indenture or the Master Lease has occurred and is continuing and so long as no Event of Nonappropriation has occurred and is continuing, one or more Series of Additional Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects. Such Additional Bonds shall be payable solely from the Base Rentals and, if paid by the Service Area, the Purchase Option Price and other amounts derived from the leasing of the Projects. The Additional Bonds may be issued in one or more Series, shall be authenticated by the Trustee and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental General Indenture, a supplement or amendment (if necessary) to the Security Documents and Master Lease providing for the financing of a Project and for the issuance of the Additional Bonds and further providing for an increase in the Base Rentals to be paid by the Service Area under the Master Lease in such amount as shall be necessary to pay, assuming that no Event of Default or Event of Nonappropriation shall occur, the principal of, premium, if any, and interest on the Bonds (including the Additional Bonds being issued and the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and Outstanding), and to extend the Lease Term if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental General Indenture, except that interest on such Additional Bonds shall be payable on February 1 and August 1 of each year during the term thereof and principal of the Additional Bonds shall, in each year in which principal falls due, be payable on August 1 except as otherwise provided in the Supplemental General Indenture authorizing the Series of Additional Bonds;

(b) If the Bonds theretofore issued were intended to bear interest which is excluded from gross income, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Bonds theretofore issued, for federal income tax purposes, will not be adversely affected by the issuance of the Additional Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Initial Bonds (or other Bonds) or commitment therefor or an additional ALTA mortgagee title insurance policy or commitment therefor, which endorsement or policy shall insure to the date of issuance of such Additional Bonds and the recording of any supplement to the Security Documents, if required, the continuing validity of the lien thereof, as modified by any supplement to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or additional policy shall increase the amount of title insurance coverage thereunder to an amount at least equal to the aggregate principal amount of the Additional Bonds to be issued (or in the case of Additional Bonds issued to complete or extend a Project previously financed under the General Indenture, the endorsement to the original policy for such Project shall increase the coverage to at least the aggregate principal amount of Bonds issued for

such Project to be Outstanding upon the issuance of such Additional Bonds) and naming the Trustee as an insured. In the event that the property upon which additional projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the amendment to the Master Lease relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Construction Fund with respect to such portion of the Project;

(d) If such Series of Additional Bonds is being issued in whole or in part for construction purposes, (i) a copy, duly certified by the Secretary of the Authority, of the project contract and architect's agreement with respect to such construction and the performance and payment bond covering such contract or, in the alternative, a requirement that a copy of such documents be delivered to the Trustee prior to the time that moneys are withdrawn from the Construction Fund with respect to such portions of the Project, and (ii) a certificate of the architect or engineer responsible for planning and designing any such construction which sets forth the estimated useful life of the Project or Projects, as so improved and extended, in compliance with Section 17D-2-302 of the Act; and

(e) A certificate of the Authority, stating that as of the date of such delivery no event or condition has happened or exists and is continuing, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default under the General Indenture or the Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions of the General Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the General Indenture shall be equally and ratably secured under the General Indenture with the Initial Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the General Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Subordination of Master Lease to General Indenture; Certain Rights to Service Area

As provided in the Master Lease, the Master Lease and the Service Area's interest in the Projects and its interest as lessee under the Master Lease shall at all times be subject to the lien of the General Indenture; provided, however, that so long as no Event of Default under the General Indenture or an Event of Nonappropriation has occurred and is then continuing, the Master Lease shall remain in full force and effect notwithstanding such subordination, and the Service Area shall not be disturbed by the Authority or the Trustee in its possession, use, and enjoyment of the Projects during the term of the Master Lease or in the enjoyment of its rights under the Master Lease; provided further that the General Indenture and the rights and privileges under the General Indenture of the Trustee and Bondholders are specifically made subject and subordinate to the rights and privileges of the Service Area set forth in the Master Lease to exercise its option to purchase the Projects in the event of, and subsequent to, the occurrence of an Event of Default, but prior to the liquidation of the Authority's interest in the Projects. As a condition of the exercise of such option, the Service Area under the Master Lease must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default or Event of Nonappropriation. The Trustee agrees that it shall execute and deliver any instrument necessary or appropriate at any time to confirm, evidence, or enable the Service Area to enjoy such rights and privileges, including without limitation, those referred to in the General Indenture.

Release of Equipment Forming a Part of the Projects

The Service Area may withdraw certain items of equipment forming a part of the Projects upon substitution of other property of comparable or greater value, or upon deposit of sale proceeds in the Bond Fund, in conformity with the terms and conditions of the Master Lease.

Release of Portions of Project Upon Payment of Related Series of Bonds

Pursuant to the Master Lease the Service Area has been granted the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the General Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released from the lien created with respect to the

related Series of Bonds and the General Indenture and the Master Lease and transferred to the Service Area if (i) the Service Area shall deposit with the Trustee amounts sufficient to pay or provide for the payment (as provided in the General Indenture) of the related Series of Bonds issued to finance or refinance such Project; and (ii) if the interest payable on one or more Series of the Bonds is excluded from gross income for federal income tax purposes, there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of the Project will not adversely affect the excludability of interest on said Bonds from the federal gross income of the owners thereof.

Discharge of Lien

If the Authority shall pay or cause to be paid, or there shall be otherwise paid or unconditional provisions for payment made to or for the Bondholders, the principal of and premium, if any, and interest due or to become due on the Bonds at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee and any paying agents all sums of money due or to become due according to the provisions of the General Indenture, then these presents and the estate and rights granted by the General Indenture shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the General Indenture, and release, assign, and deliver unto the Authority and the Service Area any and all the estate, right, title, and interest in and to any and all rights assigned to the Trustee or otherwise subject to the lien of the General Indenture, including amounts in the Bond Fund and the Debt Service Reserve Fund and all rights granted under the Security Documents, except moneys or securities held by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of the General Indenture and for all purposes of the General Indenture when (a) payment of the principal of and the applicable redemption premium, if any, on 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 General Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust, and the Trustee shall have irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment, and/or (2) Direct Obligations maturing as to principal and interest in such amount and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation, and expenses of the Trustee and any paying agents pertaining to the Bonds 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 time as a Bond shall be deemed to be paid under the General Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the General Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with the General Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, until the Authority shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Bondholders of the Bonds, in accordance with the General Indenture, that the deposit required by (a)(ii) above has been made with or for the benefit of the Trustee and that said Bonds are deemed to have been paid in accordance with the General Indenture, and stating such 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 and to call for redemption pursuant to the General Indenture any Bonds to be redeemed prior to maturity; or (b) the maturity of such Bonds.

All moneys so deposited with or for the benefit of the Trustee as provided in the General Indenture may at the direction of the Authority also be invested and reinvested in Direct Obligations, maturing in the amounts and at times as set forth in the General Indenture, and all income from all Direct Obligations pursuant to the General Indenture which is not required for the payment of the Bonds and interest and premium, if any, 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.

The Authority covenants in the General Indenture that no deposit will be made under the General Indenture and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any other provision of the General Indenture which may be contrary to the provisions of the General Indenture, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of the Gen-

eral Indenture for the payment of Bonds (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Bonds (including interest and premium thereof, if any) with respect to which such moneys and Direct Obligations have been so set aside in trust.

Nonpresentation of Bonds

Unless otherwise provided by Supplemental General 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 Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine 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 General Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within six 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 Authority 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 Authority, and the Registered Owner thereof shall be entitled to look only to the Authority for payment, and then only to the extent of the amount so repaid, and the Authority shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions described in this section are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

Events of Default

If any of the following events occur, it constitutes an “Event of Default” under the General Indenture:

- (a) Failure to pay when due interest on any Bond;
- (b) Failure to pay when due the principal of, or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof;
- (c) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Authority in the General Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to the General Indenture;
- (d) The occurrence of an event of default under the terms of any of the Bond Documents on the part of either the Authority or the Service Area;
- (e) The Authority shall for any reason be rendered incapable of fulfilling its obligations under the General Indenture;
- (f) The Authority (1) is adjudged insolvent by a court of competent jurisdiction, (2) admits in writing its inability to pay its debts generally as they become due, (3) files a petition in bankruptcy, (4) makes an assignment for the benefit of creditors, or (5) consents to the appointment of a receiver of itself or property with respect to the Projects;
- (g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver of the Authority or of the property with respect to the Projects, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of such appointment;
- (h) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the Authority under the provisions of any bankruptcy act and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of entry of such order, judgment or decree; or
- (i) Under the provisions of any other law now or hereafter existing for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the property with respect to the Projects or any part thereof, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control.

(j) Subject to the limitations contained in the Master Lease, the Authority shall unreasonably delay or fail to carry on with reasonable dispatch, or shall discontinue construction of any substantial part of a Project.

Limitation on Remedies and Acceleration During Acquisition and Construction of Portions of Projects

Notwithstanding other provisions of the General Indenture or of the Security Documents to the contrary, in the event that (a)(i) a portion of the Projects (the “Completed Portion of the Projects”) financed with a separate Series of Bonds is accepted by the Service Area for use and occupancy under the Master Lease, and (ii) the acquisition and construction of additional portions of the Projects (the “Uncompleted Portion of the Projects”) financed with one or more Series of Bonds (other than the Series of Bonds described in (i) above) have yet to be completed, and (b) an Event of Default occurs due to the failure to complete the Uncompleted Portion of the Projects, the following limitations shall apply:

(a) such Event of Default shall be limited to the Series of Bonds issued to finance the Uncompleted Portion of the Projects and not the Series of Bonds issued to finance the Completed Portion of the Projects;

(b) the Service Area shall, subject to the occurrence of an Event of Nonappropriation, continue to pay Base Rentals and Additional Rentals with respect to the Completed Portion of the Projects, and the Master Lease shall remain in full force and effect with respect to the Completed Portion of the Projects;

(c) the Trustee shall use the amounts on deposit in the related subaccount of the Debt Service Reserve Fund to pay amounts due on the Series of Bonds issued to finance the Uncompleted Portion of the Projects and amounts on deposit in the subaccount of the Debt Service Reserve Fund relating to the Series of Bonds issued to finance the Completed Portion of the Projects shall not be used to pay amounts due on the Series of Bonds issued to Finance the Uncompleted Portion of the Projects;

(d) the Series of Bonds issued to finance the Completed Portion of the Projects shall not be accelerated or otherwise affected by the Event of Default described in this section; and

(e) the Trustee shall not proceed to exercise any remedies under the General Indenture or the Security Documents relating to the Completed Portion of the Projects with respect to the Event of Default described in this Section.

Acceleration, Limitation on Remedies

Upon the occurrence and continuation of an Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Authority, as lessor, has against the Projects and the Service Area under the pertinent provisions of the Master Lease; and the Trustee may, and upon the written request of Bondholders of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, by notice in writing delivered to the Authority, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable without further action. Such amounts of principal and interest shall bear interest from the date of acceleration, as provided in the General Indenture, until paid at the same rate borne by the accelerated Bonds prior to acceleration.

Upon any sale made either under the power of sale given in the General Indenture or given in the Security Documents or under a judgment, order, or decree made in any judicial proceedings for the foreclosure or enforcement of the General Indenture and/or the Security Documents, the principal of all Bonds then outstanding, if not previously due, shall at once become and be immediately due and payable without declaration or notice by the Trustee or the Bondholders.

No deficiency judgment upon foreclosure of the lien of the General Indenture or of the Security Documents against the Projects may be entered against the Service Area or the Authority, and no breach of any provision of the Master Lease, the Security Documents or the General Indenture shall impose any general obligation or liability upon or a charge against the Service Area or the Authority or upon the general credit or taxing powers of the Service Area. Additionally, no judgment requiring a payment of money may be entered against the Service Area by reason of an Event of Default or an Event of Nonappropriation under the Master Lease; provided to the extent permitted by law that the Trustee may, subject to compliance with the applicable provisions of the “one action rule” set forth in Title 78B, Chapter 6, Part 9, Utah Code Annotated 1953, as amended, recover from the Service Area: (i) the portion of Base Rentals and Additional Rentals which are or would otherwise have been payable under the Master Lease

during any period in which the Service Area continues to use, occupy and operate a Project or Projects or any portion thereof; and (ii) Base Rentals and Additional Rentals which are or would otherwise have been payable by the Service Area under the Master Lease during the remainder, after the Service Area vacates the applicable Project or Projects, of the then-current annual term of the Master Lease in which such Event of Default occurs for which term the Service Area had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; provided, however, that if the Trustee does not proceed to sell the Project or Projects reasonably promptly after such Event of Default, the Trustee shall be obligated to the Service Area to use the Trustee's best efforts to lease or sublease said Project or Projects for the remainder of such annual term, and the Net Proceeds of such leasing shall be offset against the amount recoverable from the Lessee under this paragraph.

The rights and privileges of the Trustee and the Bondholders are subject to the right of the Service Area to purchase the Project or Projects as set forth in the Master Lease and the Trustee shall make no final sale or other final disposition of any interest in said Project or Projects pursuant to any available foreclosure remedy without notifying the Service Area in writing of the occurrence of an Event of Default, and allowing the Service Area 90 days from the mailing of such notice to exercise its option to purchase the Project or Projects.

Surrender of Possession of Projects; Rights and Duties of Trustee in Possession

Subject to the provisions described in "Acceleration, Limitation on Remedies," upon the occurrence and continuation of an Event of Default under the General Indenture, the Authority, upon demand of the Trustee, shall forthwith surrender, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Projects together with the books, papers and accounts of the Authority pertaining thereto, and including the rights and the position of the Authority with respect to the Projects under the Master Lease and to make all needful repairs and improvements as the Trustee shall deem appropriate. Upon the occurrence and continuation of an Event of Default, the Trustee may execute a written notice of default and an election to cause the Authority's interest in the Projects or any portion thereof to be sold (subject to any reversionary rights of the Service Area which may be retained in the Project site or sites in the event any ground lease may be executed between the Authority and the Service Area) to satisfy the obligations of the Authority under the General Indenture in accordance with the provisions of the Security Documents and/or may cause a sale of personal property as provided by law. The Trustee may also lease or otherwise dispose of the Authority's interest in the Projects in the name and for the account of the Authority and in such manner as the Trustee, in its sole discretion, may elect. In connection with any such sale or leasing of the Projects, the Trustee may collect, receive and sequester the rental payments, revenues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver pay, or set up the proper reserve for the payment of, all proper costs and expenses of so taking, holding, leasing, selling, and managing the same, including reasonable compensation to the Trustee, its agents and counsel, and any charges of the Trustee under the General Indenture, and any taxes and assessments and other charges prior to the lien of the General Indenture and the Security Documents which the Trustee may deem it appropriate to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions described below under "Application of Moneys." Whenever all that is due upon the Bonds shall have been paid and all defaults made, cured or waived, the Trustee shall surrender whatever possession the Trustee shall retain to the Authority; the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of such property the Trustee shall render annually to the Authority, the Service Area and the Bondholders, at their addresses set forth in the registration book, a summarized statement of income and expenditures in connection therewith.

While any Bonds are Outstanding, the Authority shall not exercise any of the remedies on default specified in the Master Lease without the prior written consent of the Trustee.

Other Remedies; Rights of Bondholders

Except as otherwise limited by the provisions of the General Indenture, upon the occurrence of an Event of Default under the General Indenture, the Trustee may pursue any available remedy that it deems to be in the best interest of the Bondholders by suit at law or in equity to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

If an Event of Default shall have occurred under the General Indenture, and if requested so to do by the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the General Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the

General Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the General Indenture conferred upon or reserved to the Trustee (or the Bondholders) 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 or to the Bondholders under the General Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default under the General Indenture shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient. Every power or remedy given by the General Indenture, the Master Lease or the Security Documents or to which the Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

No waiver of any default or Event of Default under the General Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Right of Bondholders to Direct Proceedings

The Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Indenture, or for the appointment of a receiver or any other proceedings under the General Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the General Indenture.

Appointment of Receivers

Upon the occurrence of an Event of Default under the General Indenture and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under the General Indenture, the Trustee shall be entitled to the appointment of a receiver or receivers of the Trust Estate and of the rents, revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Waiver

Upon the occurrence of an Event of Default under the General Indenture, to the extent that such rights may then lawfully be waived, neither the Authority, nor anyone claiming through or under it, shall set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension, or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the General Indenture, and the Authority, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

Waivers of Events of Default

The Trustee may, and upon the written direction of the Bondholders of a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default under the General Indenture and its consequences and rescind any declaration of maturity of the principal of the Bonds; provided, however, that there shall not be waived (1) any Event of Default under the General Indenture in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein, or (2) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interests (including interest on overdue installments of interest) or all arrears of payments of principal when due, as the case may be, both with interest at the same rate as the rate of the respective Bond or Bonds which are past due, and all expenses of the Trustee, in connection with such Event of Default shall have been paid or provided for, and in cases of any such waiver or rescission, or in case any proceeding taken by 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 Authority, the Trustee and the Bondholders

shall be restored to their former positions and rights under the General Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the General Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, and payment of Trustee fees, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared 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, 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 any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the General Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due (with interest on overdue installments of interest, at the same rate as the rate of the respective Bond or Bonds which are past due) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, 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; and

THIRD—To be held for the payment of the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest then due and owing thereon, payment shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, 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 over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege, plus, to the extent permitted by law, interest on overdue installments of interest or principal at the same rate as the rate of the respective Bond or Bonds which are past due.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of the General Indenture then, subject to the provisions of section (b) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied as described in Section (a) above.

(d) To the payment of all obligations then due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument.

Whenever moneys are to be applied as described in this section of the General Indenture such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Setting aside such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall have no liability whatsoever to the Authority, to any Bondholder, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with the circumstances known at the time of the application by the Trustee. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an

Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Bondholder of any Bond until such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal of and premium, if any, and interest on all Bonds has been paid as described above and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Service Area as provided in the General Indenture as overpayment of Base Rentals.

Rights and Remedies of Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the General Indenture or for the execution of any trust of the General Indenture or for the appointment of a receiver or any other remedy under the General Indenture, unless a default has occurred of which the Trustee has been notified as provided in the General Indenture, or of which it is deemed to have notice, nor unless also such default shall have become an Event of Default under the General Indenture and the Bondholders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity (but in no event not greater than 45 days) either to proceed to exercise the powers granted in the General Indenture or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in the General Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the General Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared by the General Indenture in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the General Indenture, and to any action or cause of action for the enforcement of the General Indenture, or for the appointment of a receiver or for any other remedy under the General Indenture; it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the General Indenture by its, his, her or their action or to enforce any right under the General Indenture except in the manner provided in the General Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the General Indenture and for the equal and ratable benefit of the Bondholders of all Bonds then Outstanding. However, nothing contained in the General Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of and premium, if any, and interest on any Bond at and after the maturity thereof or the redemption date established therefor, or the obligation of the Authority to pay the Bonds issued under the General Indenture to the respective Bondholders thereof at the time, place, from the source and in the manner in the Bonds expressed.

Termination of Proceedings

In case the Trustee shall have proceeded to enforce any right under the General 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, then and in every such case the Authority, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder respectively, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Opportunity of the Authority and the Service Area to Cure Such Events of Default

No default described under paragraph (c) under the heading "Events of Defaults" shall constitute an Event of Default under the General Indenture until actual notice of such default by registered or certified mail shall be given to the Authority and the Service Area by the Trustee or by the Bondholders of not less than 25% in aggregate principal amount of all Bonds Outstanding, and the Authority and the Service Area shall have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, that, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default under the General Indenture if corrective action is instituted by the Authority and the Service Area within the applicable period and diligently pursued, to the satisfaction of the Trustee until the default is corrected.

Supplemental General Indentures

Supplement General Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may, without consent of, or notice to, any of the Bondholders enter into an General Indenture or General Indentures supplemental to the General Indenture which shall not be inconsistent with the general terms and provisions of the General Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the General Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To subject to the General Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement the General Indenture or any General Indenture supplemental to the General Indenture in such matter as to permit the qualification of the General Indenture and thereof under the Trust General Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (e) To evidence the appointment of a separate or a Co-Trustee or paying agent or the succession of a new Trustee or paying agent under the General Indenture;
- (f) To issue the Initial Bonds, Refunding Bonds or Additional Bonds in accordance with the General Indenture and the Master Lease; and
- (g) To make any other change which, in the judgment of the Trustee, is not materially prejudicial to the interests of the Bondholders or the Trustee and that does not materially adversely affect the rights of any Bondholder.

Supplemental General Indentures Requiring Consent of Bondholders. Exclusive of supplemental General Indentures covered above and subject to the terms and provisions contained in the General Indenture, and not otherwise, the Bondholders of not less than 66-2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the General Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such Supplemental General Indentures to the General Indenture as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the General Indenture or in any Supplemental General Indenture; provided, however, that nothing in the General Indenture shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued under the General Indenture, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental General Indentures, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the General Indenture and the Security Documents on the Trust Estate or any part thereof (except in connection with the issuance of Refunding Bonds or Additional Bonds), or (vi) deprive the Bondholder of any Bond then Outstanding of the lien created by the General Indenture on any material portion of the Trust Estate, without the prior consent of the Bondholders of 100% of the Bonds affected by such action. The Trustee may, but shall not be obligated to, enter into any such Supplemental General Indenture which adversely affects the Trustee's rights, deeds, or immunities under the General Indenture or the Master Lease.

If at any time the Authority shall request the Trustee to enter into any such Supplemental General Indenture for any of the purposes of this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental General Indenture to be given by registered or certified mail to the Bondholder of each Bond shown by the list of Bondholders required by the terms of the General Indenture to be kept at the office of the Trustee. Such notices shall briefly set forth the nature of the proposed Supplemental General Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. If the Bondholders of not less than 66-2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental General Indenture shall have consented to and approved the execution thereof as provided in the General Indenture, no holder of any Bond shall have any right

to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental General Indenture as permitted and provided in the General Indenture, the General Indenture shall be and be deemed to be modified and amended in accordance therewith.

Anything therein to the contrary notwithstanding, so long as no Event of Default or Event of Nonappropriation with respect to the Projects shall have occurred and be continuing under the Master Lease, a Supplemental General Indenture under the General Indenture shall not become effective unless and until the Service Area shall have consented to the execution and delivery of such Supplemental General Indenture. In this regard and except with respect to Supplemental General Indentures for which the Service Area has otherwise been notified, the Trustee shall cause notice of the proposed execution of any such Supplemental General Indenture together with a copy of the proposed Supplemental General Indenture to be mailed by certified or registered mail to the Service Area at least 15 days prior to the proposed date of execution and delivery of any such Supplemental General Indenture. The Service Area shall be deemed to have consented to the execution and delivery of any such Supplemental General Indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Service Area on or before the fifteenth day after the mailing of said notice.

Amendment of Master Lease

The Authority and the Trustee shall without the consent of or notice to the Bondholders consent to any amendment, change or modification of the Master Lease as may be required (i) by the provisions of the General Indenture and the Master Lease (including those provisions applicable to the issuance of the Initial Bonds, Refunding Bonds and Additional Bonds), (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to more precisely identify the Projects, or the Project sites or substitute or add additional improvements or equipment to the Projects or additional rights or interests in property acquired in accordance with the provisions of the Master Lease, (iv) in connection with any amendment to the General Indenture as described above, or (v) in connection with any other change therein which, in the judgment of the Trustee is not to the prejudice of the Trustee or the holders of the Bonds. Furthermore, consistent with other provisions of the General Indenture, the Trustee shall be entitled to rely on the opinion of counsel to the Authority approving of an amendment under this section, without recourse or undertaking independent verification.

Except for the amendments, changes or modifications as provided in the preceding paragraph, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and receipt of the written approval or consent of the holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding. If at any time the Authority and the Service Area shall request the consent of the Trustee to any such proposed amendment, change or modification of the Master Lease, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by provisions in "Supplemental General Indentures Requiring Consent of Bondholders." Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of Trustee for inspection by all holders of the Bonds. No such amendment, change or modification of the Master Lease shall reduce the aggregate principal amount of the Bonds the Bondholders of which are required to consent to any amendment, change or modification of such Master Lease, or materially reduce or postpone payments required to be made under the Master Lease without the consent of all of the holders of the Bonds Outstanding. Approval or consent shall be evidenced in a manner acceptable to the Trustee and the Authority.

Fees, Charges and Expenses of the Trustee

The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered under the General Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services and such other compensation as may be authorized under the Master Lease. Upon an Event of Default under the General Indenture, but only upon such an Event of Default, the Trustee shall have a first lien with right of payment, prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the Trust Estate for the foregoing fees, charges and expenses incurred by it.

THE MASTER LEASE

Term of the Master Lease

The Original Term commenced as of the date of delivery of the Initial Bonds and terminated at midnight on December 31, 2008. The Lease Term may be continued, solely at the option of the Service Area, beyond the expiration of the Original Term for an additional one year, the first “Renewal Term,” and for consecutive Renewal Terms thereafter each of one year in duration (except that the final Renewal Term shall commence January 1, 2035, and end on April 1, 2035), upon the Service Area having adopted a final budget in accordance with applicable law prior to the end of the then-current Original Term or Renewal Term, as the case may be, that appropriates specifically with respect to the Master Lease sufficient Service Area Funds for the payment of Base Rentals and reasonably estimated Additional Rentals to become due during the next following Renewal Term, it being understood that by budgeting and appropriating such amounts, the Service Area shall have elected to continue the Lease Term for the next following Renewal Term and shall have given adequate notice thereof as contemplated by Section 17D, Chapter 2 of the Building Authority Act. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except that the Base Rentals and Purchase Option Price shall be as otherwise specified in the Master Lease for each such Renewal Term, as such Schedules may be revised as provided in the Master Lease.

Termination of Lease Term

The Lease Term shall terminate upon the first to occur of the following events:

- (a) the expiration of the Original Term or Renewal Term of the Master Lease during which an Event of Nonappropriation shall occur;
- (b) the exercise by the Service Area of its option to purchase the Authority’s interest in all of the Projects, granted under the provisions of the Master Lease;
- (c) an Event of Default and the election of the Authority or the Trustee to terminate the Master Lease under the provisions of the Master Lease;
- (d) the discharge of the lien of the General Indenture;
- (e) the termination of the Lease Term under the conditions provided in the Master Lease; or
- (f) the last day of the final Renewal Term of the Master Lease, upon payment of all Base Rentals and Additional Rentals required under the Master Lease.

Effect on the Service Area of Expiration or Termination of the Term of the Master Lease

The expiration or termination of the term of the Master Lease as to the Service Area’s right of possession and use of the Projects pursuant to the Master Lease shall terminate all obligations of the Service Area under the Master Lease (except to the extent that the Service Area incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Service Area’s rights of use, occupancy, and operation of the Projects; provided, however, that all other terms of the Master Lease and the General Indenture, including all obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds, shall be continuing until the liens of the General Indenture are discharged or foreclosed, as provided in the General Indenture, except that all obligations of the Service Area to pay any amounts to the Bondholders and the Trustee under the Master Lease shall thereafter be satisfied only as provided in the General Indenture. The termination or expiration of the term of the Master Lease as to the Service Area’s right of possession and use pursuant to the Master Lease, in and of itself, shall not discharge the lien of the General Indenture.

Payments to Constitute a Current Expense of the Service Area

The Service Area and the Authority acknowledge and agree that the obligation of the Service Area to pay Base Rentals and Additional Rentals under the Master Lease constitutes a current expense of the Service Area payable exclusively from Service Area Funds and shall not in any way be construed to be an obligation or indebtedness of the Service Area within the meaning of Sections 3 or 4 of Article XIV of the Utah Constitution, or any other consti-

tutional or statutory limitation or requirement applicable to the Service Area concerning the creation of indebtedness. No provision of the Master Lease shall be construed or interpreted (i) to require the governing body of the Service Area to appropriate any money to pay the Base Rentals, the Additional Rentals, or the Purchase Option Price, or (ii) as a lending of the credit of the Service Area within the meaning of Section 29 of Article VI of the Utah Constitution. Neither the Service Area, nor the Authority on its behalf, has pledged the credit of the Service Area to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or the interest thereon, and neither the Master Lease, the General Indenture nor the Bonds shall directly or contingently obligate the Service Area to apply money, or to levy or pledge any form of taxation, to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price or the Bonds or any interest thereon except as expressly provided in the Master Lease.

Payment of Base Rentals

The Service Area shall pay Base Rentals exclusively from Service Area Funds. The Service Area shall pay Base Rentals during the Original Term and any Renewal Term in such amounts as shall be sufficient to pay principal and interest when due on the Bonds. The Base Rentals shall be payable directly to the Trustee in semiannual payments at the times and manner and in the amounts as specified in the schedule of Base Rental payments in the Master Lease as shall equal the interest payments falling due on the Bonds on the next succeeding Interest Payment Date and the principal payments falling due on the Bonds either by regularly scheduled maturities or by mandatory sinking fund redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Trustee at least 15 days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. The Service Area understands that the Base Rental Payment Schedule in the Master Lease may be revised from time to time based on the redemption of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Refunding Bonds or Additional Bonds allowed under the General Indenture. The Service Area agrees by the Master Lease to pay the Base Rentals in accordance with the Base Rental Payment Schedule in the Master Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of certain Bonds or to pay the principal of the Additional Bonds or Refunding Bonds and interest on such Additional Bonds or Refunding Bonds in an amount necessary to enable the sale of the Additional Bonds or Refunding Bonds at par.

In addition, in the event the market value of the amount on deposit in the Debt Service Reserve Fund is, for any reason reduced below the Debt Service Reserve Requirement, including a reduction below the Debt Service Reserve Requirement resulting from payment under a Reserve Instrument, the Service Area shall, in the event it elects to renew the Master Lease during the following Renewal Term, and as a condition of renewal, either (i) pay to the appropriate Trustee in two substantially equal semiannual payments additional Base Rentals during the following Renewal Term, in an amount sufficient to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement; or (ii) pay to the Reserve Instrument Provider as additional Base Rentals, an amount sufficient to reinstate the Reserve Instrument to its initial Reserve Instrument Limit. Notwithstanding anything contained in the Master Lease to the contrary, no payment of Base Rentals or Additional Rentals shall be required to be paid prior to the Completion Date of any one Project with respect to which such Rentals are being paid.

In the event that (1)(A) a portion of a Project (the “Completed Portion of the Project”) financed with a separate Series of Bonds is accepted by the Service Area for use and occupancy under the Master Lease, and (B) the acquisition and construction of additional portions of the Projects (the “Uncompleted Portion of the Project”) financed with one or more Series of Bonds (other than the Series of Bonds described in (A) above) have yet to be completed, and (2) an Event of Default (as defined in the General Indenture) occurs under the General Indenture due to the failure to complete the Uncompleted Portion of the Project, the Service Area and the Authority by provision of the Master Lease agree, as follows:

- (i) The Service Area consents to the provisions of the General Indenture governing such an Event of Default; and

- (ii) The Service Area shall, subject to the occurrence of an Event of Nonappropriation under the Master Lease, continue to pay Base Rentals and Additional Rentals with respect to the Completed Portion of the Project, and the Master Lease shall remain in full force and effect with respect to the Completed Portion of the Project.

In the event that less than all of any one Project is initially made available for use, occupancy and operation and the Service Area accepts a portion of any one Project for its use, occupancy and operation pending final completion

of the remainder of any one such Project, the Authority may commence collecting Base Rentals from the Service Area with respect to those portions of a Project accepted for use, occupancy or operation by the Service Area, which Base Rentals shall be determined based on that portion of the original principal amount of the Bonds attributed to such portion of the Project.

The amount of the Base Rentals otherwise payable by the Service Area under the Master Lease shall be reduced by an amount equal to (i) earnings on the investment of the Bond Fund, and (ii) moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to the General Indenture. Each payment of Base Rentals shall be in consideration for the use of the Project by the Service Area during the six-month period commencing on the April 1 and October 1, as applicable, next preceding the Bond Payment Date to which such Base Rental payment is attributable and for the option to purchase the Project granted in the Master Lease.

The payments of Base Rentals and Additional Rentals under the Master Lease for each Renewal Term during the term of the Master Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the Service Area for and in consideration of the right of use, occupancy and operation of the Project and the continued quiet use and enjoyment of the Project for and during said Renewal Term. The parties to the Master Lease agree that such total Rentals will represent the fair rental value of the Project. In making such determination, the parties will give consideration to the costs of financing the Costs of Acquisition and Construction of the Project, the uses and purposes of the Project and the benefits therefrom which will accrue to the parties to the Master Lease and the general public by reason of the Project.

Notwithstanding the foregoing, the Service Area may not elect to renew the Master Lease in part and in the event it desires to renew the Master Lease must appropriate an amount sufficient to pay Base Rentals attributable to all of the Project which has been delivered for occupancy (or any portion thereof, in proportion to such available portion).

It is understood and agreed by the Service Area that, subject to the terms of the Master Lease and the General Indenture, all Base Rentals payable under this section by the Service Area, as well as the Purchase Option Price, if paid with respect to any or all of the Projects, are assigned by the Authority to the Trustee for the benefit of the Bondholders as set forth in the General Indenture. The Service Area assents to such assignment. The Authority by the Master Lease directs the Service Area, and the Service Area by the Master Lease agrees to pay to the Trustee at its principal office, all Base Rentals payable by the Service Area pursuant to this section and, if paid, the Purchase Option Price.

The amount of the Base Rentals and Purchase Option Price otherwise payable shall be reduced as appropriate to reflect any redemption of Bonds and/or the purchase of Bonds and the cancellation thereof in advance of their maturity. If at any time the amounts held by the Trustee in the Bond Fund and the Debt Service Reserve Fund (other than moneys held for the payment of Bonds not deemed Outstanding) shall be sufficient to pay at the times required the principal of and interest and premium, if any, on all of the Bonds then Outstanding, the Service Area shall not be obligated to pay any further Base Rentals under the Master Lease.

Payment of Additional Rentals with Respect to the Projects

In addition to the Base Rentals and as part of the total consideration for the use of the Projects and the option to purchase any or all of the Projects, and commencing upon the execution and delivery of the Master Lease and continuing throughout the period that the Service Area pays Base Rentals, the Service Area shall pay or shall cause to be paid the following Additional Rentals, exclusively from Service Area Funds, during the Original Term and any Renewal Terms thereof as provided in the Master Lease:

- (a) the annual fee of the Trustee for the ordinary services of the Trustee rendered and their ordinary expenses incurred under the General Indenture;
- (b) the reasonable fees and charges of the Trustee and any Paying Agent appointed under the General Indenture with respect to the Bonds for acting as paying agent as provided in the General Indenture;
- (c) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred as Trustee under the General Indenture;

(d) the reasonable out-of-pocket expenses of the Authority relating to the Projects not otherwise required to be paid by the Service Area under the terms of the Master Lease;

(e) the costs of maintenance and repair of the Projects as required in "Maintenance of the Projects by the Service Area" below;

(f) the costs of taxes, governmental charges, utility charges, management and operations expenses, liens and encumbrances with respect to the Projects as required in "Taxes, Other Governmental Charges and Utility Charges," below;

(g) the costs of casualty, public liability and property damage and worker's compensation insurance with respect to the Projects as required in "Provisions Respecting Insurance," "Public Liability Insurance," and "Worker's Compensation Coverage" below;

(h) the amount of any tax or excise on the Base Rentals, Additional Rentals, Purchase Option Price or any other tax, however described, levied, assessed or imposed by the United States Government, the State or any political subdivision or any taxing authority thereof against the Authority;

(i) an amount equal to any franchise, succession, capital levy or transfer tax or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy upon the Base Rentals, Additional Rentals or the Purchase Option Price payable by the Service Area pursuant to the Master Lease;

(j) any amounts required to be deposited to the Rebate Fund established with respect to a Series of Bonds; and

(k) during any Renewal Term following an Original Term or Renewal Term in which there was an insufficiency of Net Proceeds as described in "Obligation of the Service Area to Repair and Replace the Project" below, an amount equal to the insufficiency of Net Proceeds required to repair, replace, restore or modify the affected Project.

The Additional Rentals specified in (a), (b), (c), (j) and (i) above shall be payable to the Trustee and shall be due and payable within 10 days after notice in writing from said Trustee to the Service Area stating the amount of Additional Rentals then due and payable and the purpose thereof. Except as otherwise provided in the Master Lease or in the General Indenture, the Additional Rentals specified in above (d), (e), (f), (g), (h), and (i) above, shall be payable to the Authority or directly to the person or entity with respect to which such costs or fees were incurred and shall be due and payable at such time as the Authority or such person or entity shall require.

Manner of Payment

The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from Service Area Funds and in lawful money of the United States of America. The obligation of the Service Area to make payment of the Base Rentals and Additional Rentals required under the Master Lease and to perform and observe the other covenants and agreements contained in the Master Lease shall be absolute and unconditional in all events except as expressly provided under the Master Lease. Notwithstanding any dispute between the Service Area and the Authority, the Trustee, any Bondholder, any Contractor or subcontractor retained with respect to the construction and equipping of a Project, any supplier of labor or materials in connection therewith or any other person, the Service Area shall pay all payments of Base Rentals and Additional Rentals, from and to the extent of available Service Area Funds, when due, and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor shall the Service Area assert any right of set-off or counterclaim against its obligation to make such payments required under the Master Lease. The obligation of the Service Area to pay Base Rentals and Additional Rentals during the Original Term and the then-current Renewal Term shall be absolute and unconditional in all events, except as expressly provided in the Master Lease, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances.

Request for Appropriation

During the Lease Term, the Service Area covenants and agrees as follows:

(a) (i) to include in its annual proposed budget prepared by the appropriate officials acting on behalf of the Service Area in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any and all Service Area Funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals (calculated pursuant to the Master Lease) for the Projects during the next succeeding Renewal Term; and (ii) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the Service Area for its consideration seeks an appropriation of Service Area Funds sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term, including all such actions for such purpose as may be required under Title 17B, Chapter 1, Part 6, Utah Code Annotated 1953, as amended (the “Fiscal Procedures for Local Districts”). The next inclusion the Service Area’s annual proposed budget shall be made under applicable law prior to the fiscal year commencing January 1, 2017, so that the Base Rentals and the reasonably estimated Additional Rentals payable during such Renewal Term will have been appropriated for such purpose, and subsequent inclusions in each respective proposed budget for appropriations by the Service Area shall be made in each fiscal year thereafter so that the Base Rentals and Additional Rentals to be paid during the succeeding Renewal Term will be available for such purposes as long as the governing body of the Service Area determines to approve such amount in the final budget as adopted.

(b) To effect the covenants set forth in (a) above, the Service Area by the Master Lease directs its “budget officer” (as such term is defined in the Fiscal Procedures for Local Districts), or any other officer at the time charged with the responsibility of formulating budget proposals, to include in the proposed budget prepared annually by such budget officer or other officer and submitted to the governing body of the Service Area, in any year in which the Master Lease is in effect, items for all payments required for the ensuing Renewal Term under the Master Lease. It is expressed by the Master Lease as the intention of the Service Area that the decision to renew or not to renew the term of the Master Lease is to be made solely by the governing body of the Service Area at the time it considers for adoption of the final budget for each of its fiscal years and corresponding Renewal Terms under the Master Lease, and not by any official of the Service Area, acting in his or her individual capacity as such. In this connection, the Service Area covenants by the Master Lease and agrees that such budget officer or other officer shall not amend, modify, or otherwise change the appropriations made in any finally adopted budget for the payment of any Base Rentals or Additional Rentals without the express prior approval of the governing body of the Service Area.

Nonappropriation

In the event sufficient Service Area Funds shall not be budgeted and appropriated by the Service Area, in a final budget adopted within the time permitted by the Master Lease, for the payment of the (i) Base Rentals becoming due during such Renewal Term, and (ii) such Additional Rentals becoming due during such Renewal Term which can be determined with reasonable accuracy, then an Event of Nonappropriation shall be deemed to have occurred as of the first day of such Renewal Term and the Service Area shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Master Lease beyond the last day of the Renewal Term preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the Service Area has elected to continue the Master Lease for a Renewal Term by budgeting and appropriating sufficient Service Area Funds for the payment of Base Rentals and Additional Rentals under the Master Lease the Service Area shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. If the Service Area fails to pay any Base Rentals or Additional Rentals due under the Master Lease, or upon an Event of Nonappropriation the Service Area shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals under the Master Lease shall terminate. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Projects as trustee for the benefit of the Bondholders of the Bonds and the Trustee shall be further entitled to all moneys then on hand and being held in all funds created under the General Indenture, less any moneys then due and owing to the Trustee for services performed as trustee thereunder. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided in the Master Lease shall be held by the Trustee under the General Indenture for the benefit of the Bondholders as set forth in said General Indenture until the principal of, premium, if any, and interest on the Bonds are paid in full and other amounts payable under the General Indenture are paid in full and other amounts payable under the General Indenture are paid and any excess shall thereafter be paid to the Service Area.

Agreement to Acquire, Construct, and/or Equip the Projects

The Service Area and the Authority agree that the Authority shall cause a Project to be acquired, constructed, and equipped as provided in the Master Lease, all of which construction, shall be made in accordance with the plans and specifications for such Projects as approved by the Service Area. The Authority agrees to cause all Projects to be constructed with all reasonable dispatch, subject only to delays caused by Force Majeure excepted.

Contractor's Performance and Payment Bonds

Each Contractor retained by the Service Area or the Authority in connection with the construction of a Project shall be required to furnish a performance bond and a labor and material payment bond on forms acceptable to the Service Area. The Service Area shall use its best efforts to ensure that such bond shall be made payable to the Trustee but retained by the Service Area and shall be executed by a corporate surety licensed to transact business in the State and shall be in the full amount of the contract price for such Contractor's portion of such Project. If, at any time during the construction of a Project, the surety on such bond shall be disqualified from doing business in the State, an alternate surety shall be selected with the approval of the Service Area and any costs therefore shall be paid by the Service Area.

Establishment of Completion Date; Disbursement of Balance of Construction Fund

The Completion Date with respect to any one Project shall be evidenced to the Trustee by a certificate signed by the Service Area Representative and the Authority Representative stating that, except for amounts retained by the Trustee at the direction of the Authority for any Costs of Acquisition and Construction not then due and payable, (i) the acquisition, construction, installation and improvement of such Project has been completed in accordance with the plans and specifications and all labor, services, materials and supplies used in such acquisition, construction, installation and improvement have been paid for, (ii) all other facilities necessary in connection with such Project have been constructed, acquired and installed to their satisfaction, (iii) such Project is suitable and sufficient for its intended purposes, and (iv) all costs and expenses incurred in the acquisition, construction and equipping of such Project have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, the Trustee shall retain in the applicable account within the Construction Fund an aggregate sum equal to the amount estimated by the Service Area Representative and the Authority Representative to be necessary for payment of the Cost of Acquisition and Construction not then due and payable. All moneys then on hand in such account within the Construction Fund in excess of the amount to be retained shall be transferred by the Trustee to the Bond Fund to be used by the Trustee as provided in the related Supplemental General Indenture.

Contractor's General Public Liability and Property Damage Insurance

Each Contractor and subcontractor retained by the Service Area or the Authority in connection with the construction of a Project shall be required to procure and maintain comprehensive general public liability and property damage insurance as applicable, at his own cost and expense, in an amount that is consistent with prudent practice during the duration of such Construction Contract. The Service Area shall use its best efforts to ensure that such policies shall carry loss payable endorsements in favor of the Trustee under the General Indenture. Such insurance shall include a provision prohibiting cancellation or amendment without 30 days' prior notice by certified mail to the Trustee. A certificate of insurance on a form acceptable to the Service Area shall be provided, upon request, to the Trustee with respect to each Contractor. The Service Area shall use its best efforts to ensure that such insurance shall provide protection from all claims for bodily injury, including death, and all claims for destruction of or damage to the respective Project arising out of or in connection with such Contractor's performance of his contract, whether such operations be by himself or by any subcontractor under him or anyone directly or indirectly employed by the Contractor or such subcontractor. All limitations of liability contained in such insurance policy or policies and set forth on such certificate of insurance, and any exclusions provided therein, shall be approved by the Service Area.

Contractor's Builder's Risk Completed Value Insurance

Unless otherwise obtained by the Service Area, each Contractor and subcontractor retained by the Service Area in connection with the construction of a Project shall be required to procure and maintain during the term of his contract and until such Project is accepted and insured by the Authority and the Service Area, builder's risk completed

value insurance upon the building, facilities or improvements constructed or to be constructed, in whole or in part, by such Contractor or subcontractor, insuring against loss or damage caused by fire, malicious mischief, vandalism and such other hazards as may be insured against in the standard extended coverage provisions of such policies used in the State. The Service Area shall use its best efforts to ensure that such policies shall contain a waiver of subrogation by the issuer of each such policy with respect to the Trustee under the General Indenture. Such policies may contain deductible amounts of not more than the amount that is then customary for such policies. Such insurance coverage shall be in an amount at least equal to the contract price for such Contractor's or subcontractor's work. In the event of any change order resulting in the performance of additional work in connection with a Project, the amount of such insurance shall be increased to include the cost of such additional work, as well as materials and fixtures to be incorporated in such Project.

The Service Area shall use its best efforts to ensure that such builder's risk completed value insurance policies shall carry loss payable endorsements in favor of the Trustee under the General Indenture. No agency or employee of the Service Area or the Authority shall have the power to adjust or settle any loss greater than \$100,000 with respect to a Project without the prior written consent of the Trustee. Such insurance shall contain provisions prohibiting cancellation or amendment without 30 days' prior written notice to the Authority and the Trustee.

Contractor's Worker's Compensation Insurance

Each Contractor and subcontractor retained in connection with the construction of a Project shall be required to procure and maintain worker's compensation insurance during the term of his contract as required by the laws of the State, covering his employees working thereunder, which coverage shall also include occupational disease. Such insurance, if issued by a private carrier, shall contain a provision that such coverage shall not be canceled or amended without 30 days' prior written notice to the Service Area. A certificate issued by the worker's compensation insurance fund of the State indicating such coverage or, if such insurance is provided by a private carrier, a completed certificate of insurance shall, upon request, be provided to the Trustee with respect to each Contractor and subcontractor retained in connection with the construction of a Project. Each construction contract shall also provide that each subcontractor of any Contractor who is a party to such contract shall be required to furnish similar worker's compensation insurance.

Investment of Construction Fund, Bond Fund, Rebate Fund, Cost of Issuance Account, and Debt Service Reserve Fund Moneys

Subject to provisions of the General Indenture, any moneys held as a part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, or Cost of Issuance Account or any other fund or account created under the General Indenture shall be invested and reinvested by the Trustee upon the written direction of the Service Area in Investment Obligations as defined in the General Indenture.

The Trustee may make any and all such investments through its own bond department. All such investments shall at all times be a part of the fund (the Construction Fund, the Bond Fund, the Debt Service Reserve Fund, the Rebate Fund, the Cost of Issuance Account, or such other fund or account, as the case may be) from where the moneys used to acquire such investments shall have come, and all income and profits on such investments shall be credited to, and losses thereon shall be charged against, such funds, provided, however, that any moneys held in the Debt Service Reserve Fund in excess of its Debt Service Reserve Requirement as set forth in the General Indenture shall be transferred to the Bond Fund. The Trustee shall not be liable or responsible for making any investment or for any loss resulting therefrom, if such investment is made in conformity with the Master Lease and the General Indenture.

Maintenance of the Projects by the Service Area

The Service Area shall, at its own expense from available Service Area Funds, operate, manage, keep and maintain the Projects (or cause the Projects to be operated, managed, kept and maintained) in good working order, condition and repair, including replacements of a capital nature when necessary, and including periodic painting as reasonably determined by the Authority and in accordance with all operating and maintenance manuals and all applicable laws, rules, ordinances, orders and regulations as shall be in effect from time to time of: (1) any federal, state, county, municipal, or other governmental or quasi-governmental agencies and bodies having or claiming jurisdiction thereof and all their respective departments, bureaus, and officials; (2) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction thereof; and (3) all insurance companies insuring all or any part of the Projects. The foregoing shall not be construed to prohibit the Service Area from challenging the va-

lidity or applicability of such laws, rules, ordinances, orders and regulations and to defer compliance until the challenge has been completed.

Modification of the Projects

The Service Area shall have the privilege of remodeling any Project or making substitutions, additions, modifications and improvements thereto, at its own cost and expense, and the same shall be subject to the Master Lease, the General Indenture and the Security Documents, and shall also be included under the terms of the Master Lease and thereof; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage such Project or cause it to be used for purposes other than those authorized under the provisions of the Master Lease, and the Constitution and laws of the State; and provided, however, that such Project, as remodeled, improved or altered upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to the Master Lease shall be of a fair rental value not less than the fair rental value of such Project immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements.

Taxes, Other Governmental Charges and Utility Charges

In the event that a Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against such Project, an Additional Rental, from and to the extent of Service Area Funds, shall be paid, or cause to be paid, by the Service Area equal to the amount of all such taxes, assessments and governmental charges then due. With respect to special assessments or other governmental charges which may be lawfully paid in installments over a period of years, the Service Area shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during that period that the Service Area is obligated to pay Base Rentals. The Service Area shall not allow any liens for taxes, assessments or governmental charges to exist (including, without limitation, any taxes levied which, if not paid, will become a charge on the rentals and receipts prior to or on a parity with the charge thereon and the pledge and assignment thereof to be created and made in the General Indenture), or any interest therein (including the interest of the Authority) on the rentals and revenues derived therefrom or under the Master Lease. The Service Area shall also pay, or shall cause to be paid, as Additional Rentals, from and to the extent of available Service Area Funds, as the same respectively become due, all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Projects.

Provisions Respecting Insurance

The Service Area agrees to insure or cause to be insured the Projects against loss or damage of the kinds usually insured against by public bodies similarly situated, including, without limitation, policies of casualty and property damage, by means of self-insurance or of policies issued by reputable insurance companies duly qualified to do such business in the State with a uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than full insurable value of the Projects. The term "full insurable value" as used in the Master Lease shall mean the actual replacement value, or at the option of the Service Area any lesser amount which is equal to or greater than the principal amount of all Bonds then Outstanding of the Series which financed said Project (or applicable portions thereof in case said Series of Bonds financed more than one Project). Alternatively, the Service Area may insure or cause to be insured under a blanket insurance policy or policies which cover not only the Projects but other properties in the amounts required by the previous sentence.

Public Liability Insurance

The Service Area agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in amounts that are typically carried by governmental entities of the same size as the Service Area for property damage for any occurrence. In the event that the limits on governmental liability established by Section 63-30d-604, Utah Code Annotated 1953, as amended, are increased, the amounts required by this Section shall be deemed to be increased to such higher amounts. If self-insurance is not utilized, the Authority and the Trustee shall be made additional insureds under such policies. The insurance required by this Section may be by blanket insurance policy or policies or self-insurance meeting the following requirements: (i) such program must provide for disbursements therefrom without action (other than a ministerial action) of the governing body of the Service Area and (ii) such program shall be reviewed at least annually by an actuarial consultant (including professional staff of the Service Area), to insure that the reserves established are sufficient for the risks intended to be covered by such

program. If self-insurance is not utilized, the policies may have a deductible clause in such amount as shall be approved by the Authority.

Worker's Compensation Coverage

At all times from the date of the Master Lease until the end of the Lease Term, the Service Area shall, either by a policy of insurance or by self-insurance, maintain or cause to be maintained worker's compensation coverage with respect to officers, agents and employees of the Service Area working in, on or about the Projects, including coverage for occupational diseases.

Advances

In the event the Service Area shall fail to maintain the full insurance coverage required by the Master Lease or to keep the Projects in good repair and operating condition, the Trustee may, but shall have no obligation to, take out the required policies of insurance and pay the premiums on the same or may, but shall have no obligation to, make such repairs or replacements as are necessary and provide for payment thereof; which amounts, together with interest thereon at a rate per annum equal to the Base Rate, the Service Area agrees to pay, from and to the extent of available Service Area Funds.

Failure to Provide Insurance

In the event the Authority is required under the Security Documents to reimburse the Trustee for any insurance policies required by the Master Lease, the Service Area will promptly pay directly to the Trustee all premiums for said insurance, and until payment is made by the Service Area therefor, the amount of all such premiums which have been paid by the Trustee shall bear interest at the Base Rate. The Service Area shall, upon the Authority's reasonable request, deposit with the Trustee in monthly installments an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by the Master Lease. The Service Area further agrees, upon the Authority's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to the Trustee. If at any time and for any reason the funds deposited with the Trustee are or will be insufficient to pay such amounts as may then or subsequently be due, the Authority shall notify the Service Area and the Service Area shall immediately deposit an amount equal to such deficiency with the Trustee.

Evidence and Notice Regarding Insurance

Evidence of the insurance required under "Provisions Respecting Insurance" and "Public Liability Insurance" above (in the form of a certificate of insurance from the insurer) shall be provided by the Service Area, upon request, to the Trustee annually on or before the anniversary date of issuance of the Series of Bonds which financed the applicable Project. Unless self-insurance is provided, policies providing said insurance shall require that notice of cancellation of any said insurance must be furnished to the Trustee by the insurance carrier 30 days in advance of cancellation.

Damage, Destruction and Condemnation

If, prior to the termination of the Lease Term and the payment in full of the applicable Series of Bonds (or the making of provisions for the payment thereof in accordance with the General Indenture) (i) the Projects or any material portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty; or (ii) title to, or the temporary or permanent use of the Projects or any material portion thereof or the Projects or any material portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (iii) a material defect in construction of a Project shall become apparent; or (iv) title to or the use of all or any material portion of the Projects shall be lost by reason of a defect in title thereto, the Service Area shall be obligated, subject to the provisions described in "Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the Service Area to Repair and Replace the Projects" below, to continue to pay the amounts specified in "Obligation of the Service Area to Repair and Replace the Project," "Payment of Base Rentals" and "Payment of Additional Rentals with Respect to the Projects" regardless of whether said Project or Projects shall have been accepted.

Obligation of the Service Area to Repair and Replace the Project

Subject to the provisions of “Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the Service Area to Repair and Replace the Projects” below, the Service Area, the Authority, and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to a Project or Projects to be deposited in the Construction Fund if received before the Completion Date and in a separate trust fund under the General Indenture if received thereafter. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of said Project or Projects by the Service Area upon receipt of a requisition acceptable to the Trustee signed by the Service Area Representative, stating with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Construction Fund or separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; and (v) such other documents and information as the Trustee requires. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the applicable Series of Bonds, or if said Series of Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the General Indenture), any balance remaining in such Construction Fund or separate trust fund shall be paid to the Service Area. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the Service Area shall, from and to the extent of available Service Area Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds. The Service Area agrees that, if by reason of any such insufficiency of the Net Proceeds, the Service Area shall make any payments pursuant to the provisions of this Section, the Service Area shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Bondholders of the Bonds nor shall the Service Area be entitled to any diminution of the Base Rentals and Additional Rentals payable as described under “Payment of Base Rentals” and “Payment of Additional Rentals with Respect to the Projects.” The Service Area further agrees that any repair, restoration, modification or improvement paid for in whole or in part from such Net Proceeds shall be subject to the security afforded by the General Indenture, the Master Lease and the Security Documents, and shall be included under the terms of the Master Lease.

Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the Service Area to Repair and Replace the Projects

In the event that the Net Proceeds of any insurance policy, performance bond or condemnation award shall be insufficient to pay in full the cost of any repair, restoration, or modification of a Project or Projects described under “Obligation of the Service Area to Repair and Replace the Project,” the appropriate budget officers of the Service Area shall, within 30 days of notice of such insufficiency, seek an appropriation from the governing body of the Service Area for an amount equal to any such insufficiency. In the event that the Service Area shall fail to appropriate, by the first day of the next Renewal Term following such request for an appropriation, an amount at least equal to such insufficiency for such purpose, the obligation to repair and replace said Project or Projects described under “Obligation of the Service Area to Repair and Replace the Project” above may be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the Service Area shall have no further obligation for the payment of Base Rentals and Additional Rentals under the Master Lease with respect to said Project or Projects, and possession of said Project or Projects as well as all rights created pursuant to the Master Lease and the interest of the Service Area and the Authority therein and in any funds or accounts created under the General Indenture with respect to said Project or Projects (except for moneys held in the Rebate Fund and held for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders of the applicable Series of Bonds. Thereafter, the Authority’s interest in said Project or Projects may be liquidated pursuant to the provisions of and subject to the limitations set forth in the General Indenture, Security Documents and the proceeds of such liquidation and the Net Proceeds of any insurance policy, performance bond or condemnation award so deposited in the Bond Fund, as well as all other moneys on deposit in any fund created under the General Indenture with respect to said Project or Projects (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the next succeeding redemption date. Such redemption of the applicable Series of Bonds shall be made upon full or partial payment of the principal amount of said Bonds then Outstanding and accrued interest thereon all in accordance with the General Indenture.

Granting of Easements and Releases

As long as no Event of Nonappropriation or an Event of Default with respect to the Projects shall have happened and be continuing, the Service Area may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to any property or rights included in the Master Lease and the General Indenture, free from the security interest afforded by or under the Master Lease, the General Indenture and the Security Documents or the Service Area may release portions of the sites on which a Project or Projects is located or existing easements, licenses, rights of way and other rights and privileges with or without consideration, and the Authority agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver, any instrument necessary or appropriate to confirm and grant or release such portion of the Project site or any such easement, license, right of way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the Service Area Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of such Project or Projects or any material portion thereof; and (iii) an opinion of counsel to the Service Area that such grant or release will not materially weaken, diminish or impair the security granted to the Bondholders and contemplated by or under the Master Lease, the General Indenture or the Security Documents.

Conveyance of the Projects

The Authority's right and interest in and to all of the Projects shall be transferred, conveyed and assigned by the Authority to the Service Area:

- (i) Upon payment by the Service Area of the then applicable Purchase Option Price and upon giving not less than 30 days prior written notice to the Authority and the Trustee; or
- (ii) Upon payment by the Service Area of all Base Rentals and Additional Rentals required to be paid under the Master Lease during the Original Term and each of the Renewal Terms with respect to the Project; or
- (iii) Upon the discharge of the lien of the General Indenture.

Under the General Indenture, the Trustee shall agree to execute such documents and instruments as shall be necessary to affect a release of the security interest granted by said General Indenture or the Security document upon the payment in full of all the Bonds.

The Service Area understands that the Purchase Option Price may be revised from time to time based on certain redemptions of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Additional Bonds or Refunding Bonds authorized under the General Indenture. In the event the Service Area so elects to purchase all of the Projects as provided in the Master Lease, the Service Area by the provisions of the Master Lease agrees to pay such applicable Purchase Option Price (together with the other amounts constituting the purchase price for the Projects as provided in the Master Lease) as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the Bonds or the issuance of Additional Bonds or Refunding Bonds. Nothing in the Master Lease shall be construed to create any obligation of the Service Area to purchase the Projects.

Release of a Project Upon Payment of Related Series of Bonds

In addition to the purchase option set forth above, the Service Area is granted by the Master Lease the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the General Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released from the lien created with respect to the Bonds and the General Indenture and the Master Lease and transferred to the Service Area (subject to Permitted Encumbrances and liens and encumbrances resulting from the failure of the Service Area to perform or observe the agreements on its part contained in the Master Lease or otherwise consented to by the Service Area), if (i) the Service Area shall deposit with the Trustee the Purchase Option Price for such Project; and (ii) there shall have been delivered to the Trustee an opinion of nationally recognized bond counsel to the effect that the release of such Project will not adversely affect the excludability of interest on the Bonds from federal gross income of the owners thereof, if applicable. The Service Area shall be obligated to pay all costs of the Trustee and the Authority in providing for the transfer and release of any Project or portion thereof.

Conveyance on Purchase of Projects

At the closing of any purchase of any or all of the Projects pursuant to the option to purchase granted in the Master Lease, the Authority shall, upon receipt by the Trustee of the applicable Purchase Option Price, or upon the payment by the Service Area of all Base Rentals and Additional Rentals required, or upon discharge of the lien of the General Indenture as the case may be, deliver to the Service Area the following:

(a) If necessary, a release by the Trustee of the lien under the General Indenture and Security Documents, together with any other instrument necessary or appropriate to release any security interest granted by the Master Lease with respect to the Project or Projects to be released, the General Indenture and the Security Documents.

(b) All necessary documents conveying to the Service Area good and marketable title to the Project or Projects to be released as it then exists subject to the following: (i) the right, title and interest of the Service Area in such Project or Projects; (ii) those liens and encumbrances created by the Service Area or to the creation or suffering of which the Service Area consented; (iii) those liens and encumbrances resulting from the failure of the Service Area to perform or observe any of the agreements on its part contained in the Master Lease; and (iv) Permitted Encumbrances, other than the General Indenture, the Master Lease, the Security Documents and any financing statements filed by the Authority pursuant to the Master Lease with respect to the Project or Projects to be released or the General Indenture.

Relative Position of Option and General Indenture

The purchase option granted to the Service Area in the Master Lease above with respect to all of the Projects shall be and remain prior and superior to the General Indenture and may be exercised whether or not an Event of Nonappropriation or an Event of Default shall have occurred and be continuing under the Master Lease or under the General Indenture; provided, however, that such option must be exercised before the later of (i) 90 days after notification in writing by the Trustee to the Service Area of the occurrence of an Event of Default under the General Indenture, or (ii) the ultimate disposition of the Project or Projects upon exercise of any available foreclosure remedy, and further provided that, as a condition of the exercise of such option, the Service Area must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default or Event of Nonappropriation.

Assignment and Subleasing by the Service Area

The Master Lease may not be assigned by the Service Area for any reason. All or portions of a Project may be subsequently subleased by the Service Area without the necessity of obtaining the consent of the Authority, the Trustee or any Bondholder; subject, however, to each of the following conditions:

(a) a Project may only be subleased to a municipality, school district, agency or other political subdivision of the Service Area or the State, or to a private party if the Authority or the Service Area intends to own such Project through the useful life of such Project, and the Authority or the Service Area determines that such ownership of such Project furthers a legitimate public purpose;

(b) the Master Lease and the obligations of the Service Area to make payment of Base Rentals and Additional Rentals under the Master Lease shall at all times during the Lease Term remain obligations of the Service Area notwithstanding any sublease;

(c) the Service Area shall, prior to the execution of a sublease, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of each sublease;

(d) any such sublease shall be expressly subordinate to the rights of the Trustee and the Bondholders under the General Indenture, the Master Lease and the Security Documents; and

(e) receipt by the Trustee of an opinion of bond counsel to the effect that such sublease will not in and of itself cause interest on the Bonds issued to finance such Project to be included in gross income of the owners thereof (if such Bonds were issued bearing tax-exempt interest).

After an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under the Master Lease, the General Indenture or the Security Documents, the Trustee may collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees.

Events of Default Defined

Any one of the following shall be an “Event of Default” under the Master Lease:

(a) Failure by the Service Area to pay any Base Rentals or Additional Rentals required to be paid as described under “Payment of Base Rentals” and “Payment of Additional Rentals with Respect to the Projects” above at the time specified therein, in the absence of an Event of Nonappropriation, for a period of five days after written notice, specifying such failure and requesting that it be remedied, given to the Service Area by the Trustee or, in any event, a failure by the Service Area to make such payments within 15 days after the date on which they are due; or

(b) Failure by the Service Area to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in (a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, given to the Service Area by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not unreasonably withhold their consent to an extension of such time if corrective action shall be instituted by the Service Area within the applicable period and diligently pursued until the default is corrected; or

(c) The Service Area shall abandon any material portion of a Project; or

(d) The Service Area’s interest in the Master Lease or any part thereof shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted under the Master Lease; or

(e) The Service Area shall file any petition or institute any proceedings wherein or whereby the Service Area seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the Service Area’s creditors to effect a composition or extension of time to pay the Service Area’s debts, or seeks a reorganization or a readjustment of the Service Area’s debts, or for any other similar release, or any such petition or any such proceedings of the same or similar kind or character shall be filed, or instituted or taken against the Service Area and the same shall not have been dismissed or otherwise resolved in favor of the Service Area within 60 days from the filing or institution thereof.

The foregoing provisions of this Section are subject to the following limitations: (i) the obligations of the Service Area to make payments of the Base Rentals and Additional Rentals as described under “Payment of Base Rentals” and “Payment of Additional Rentals with Respect to the Projects” above shall be subject to the occurrence of an Event of Nonappropriation; and (ii) if, by reason of Force Majeure, the Service Area shall be unable, in whole or in part, to carry out any agreement on its part in the Master Lease contained, other than the obligations on the part of the Service Area contained in the Master Lease, the Service Area shall not be deemed in default during the continuance of such inability. The Service Area agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Service Area from carrying out its agreement; provided, however, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Service Area, and the Service Area shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Service Area, unfavorable to the Service Area.

Remedies on Default

Whenever any Event of Default referred to in “Events of Default Defined” above shall have happened and be continuing, subject to the limitations contained in the General Indenture, the Trustee or the Authority with the written consent of the Trustee, shall have the right, at their or its option without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Immediately reenter and take possession of the Projects;

(b) Exercise any rights or remedies as the Trustee may have under the Security Documents; or

(c) Take whatever action at law or in equity may appear necessary or desirable to enforce their or its rights in and to the Project, including, without limitation, the right to terminate the Lease Term.

The obligation of the Service Area to vacate the Projects as provided in the Master Lease shall also apply to an Event of Default. Any moneys collected pursuant to action taken under the Master Lease shall be paid into the Bond Fund and applied in accordance with the provisions of the General Indenture.

Limitations on Remedies

No judgment requiring a payment of money may be entered against the Service Area by reason of an Event of Default or an Event of Nonappropriation under the Master Lease, except as expressly provided in the Master Lease. In the event the security interest created under the General Indenture, the Master Lease or the Security Documents shall be foreclosed subsequent to the occurrence of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Service Area or the Authority.

No Remedy Exclusive

No remedy conferred in the Master Lease upon or reserved to the Authority and the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Master Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority and the Trustee to exercise any remedy reserved in the Master Lease, it shall not be necessary to give any notice, other than such notice as may be required in the Master Lease.

Amendments, Changes and Modifications

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the General Indenture), and except as otherwise expressly provided in the Master Lease, the Master Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee in accordance with provisions of the General Indenture.

THE SECURITY DOCUMENTS

To secure its payment obligations under the Bonds, the Authority typically grants a security interest in a Project, which is owned by the Authority, pursuant to a Deed of Trust, Assignment of Rents and Security Agreement (the "Deed of Trust"). A Ground Lease Agreement is anticipated to be entered into by the Owner or Owners of one or more sites of a Project and the Authority. The Deed of Trust, any applicable Ground Lease, any applicable Assignment of Ground Lease, and any financing statements on the personal property and fixtures of a Project are sometimes collectively referred to herein as the "Security Documents." Reference is hereby made to the actual Security Documents for a complete recital of its terms. During the period of the offering of a Series of Bonds, copies of the Security Documents will be available at the office of the Service Area. Subsequent to the offering of a Series of Bonds, copies of the Security Documents may be obtained from the Trustee.

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APPENDIX B

FINANCIAL REPORT OF UNIFIED FIRE SERVICE AREA, UTAH FOR FISCAL YEAR 2014

The financial report for Fiscal Year 2014 is contained herein. Copies of current and prior financial reports are available upon request from the Service Area's contact person as indicated under "INTRODUCTION—Contact Persons" above.

The Service Area's financial report for Fiscal Year 2015 must be completed under State law by June 30, 2016.

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UNIFIED FIRE SERVICE AREA

ANNUAL FINANCIAL REPORT

December 31, 2014

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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Unified Fire Service Area
Salt Lake City, Utah

We have audited the accompanying financial statements of the governmental activities and each major fund of Unified Fire Service Area (UFSA) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the UFSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of UFSA, as of December 31, 2014 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison information, and notes to required supplementary information as noted on the table of contents, 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 operation, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UFSA's basic financial statements. The budgetary comparison schedules are not a required part of the basic financial statements of UFSA. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, we have also issued other reports dated May 12, 2015 located on pages 25 and 27 on our consideration of UFSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements, and other matters. The purpose of those reports 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 the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Keddington & Christensen, LLC

May 12, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

December 31, 2014

As management of Unified Fire Service Area (UFSA), we offer readers of UFSA's financial statements this narrative overview and analysis of the financial activities of UFSA for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the financial statements.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

UFSA's *government-wide net position* (the amount by which assets exceeded its liabilities) as of December 31, 2014 was \$23,729,155. This amount increased by two percent over the previous year primarily due to property taxes and impact fees received in excess of budget and efficient management of budgeted funds. *Unrestricted net position*, the portion of net position which represents the amount UFSA can use to meet ongoing financial obligations, was \$7,693,853 at December 31, 2014. *Net position invested in capital assets, net of related debt* was \$13,434,753 at December 31, 2014.

UFSA reported combined ending fund balance for governmental funds of \$10,920,020 as of December 31, 2014. Combined fund balance decreased by \$438,880 (4%) from 2013 to 2014. This decrease was principally due to appropriation of fund balance for capital projects and debt service payments originating from the 2008 debt issuance. The total spendable fund balance at December 31, 2014 was \$10,910,482, which represented 23% of total fund expenditures. Of the total spendable fund balance, \$8,311,014 was actually available for appropriation and spending (*unassigned fund balance*), \$2,591,011 was restricted, and \$8,457 was assigned for future debt service. Management believes the current unassigned fund balance to be a good indicator of UFSA's positive financial position.

The City of Taylorsville annexed into UFSA on January 1, 2014. The annexation increased UFSA's assessed valuation by approximately \$2.4 billion.

For information on upcoming changes, see the "Economic Factors and Next Year's Budget" section beginning on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to UFSA's annual financial report. UFSA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of UFSA's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of UFSA's assets, deferred outflows of resources, and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of UFSA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement on an accrual basis. Cash flow from such transactions could impact future fiscal periods.

The government-wide financial statements identify functions of UFSA that are principally supported by taxes and intergovernmental revenues, as *governmental activities*. Revenues designed to recover all or a significant portion of the activity costs are identified as *business-type activities*. UFSA currently does not have any business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

December 31, 2014

The Local Building Authority of Unified Fire Service Area (LBA) is chartered under Utah law as a separate governmental entity. However, the government-wide financial statements include the financial statements of this entity since UFSA's Board is the appointed board for the LBA and it is financially accountable to UFSA.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. UFSA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of UFSA's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* in the fund financial statements with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

UFSA maintains one major governmental fund, the General fund, and the LBA maintains two major governmental funds, the Capital Projects fund and the Debt Service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these funds.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: UFSA adopts an annual appropriated budget for its funds. A budgetary comparison statement (page 23) has been provided for the General Fund to demonstrate compliance with the budget.

FINANCIAL ANALYSIS OF UFSA AS A WHOLE

Current and other assets decreased approximately four percent from 2013 largely due to the usage of cash for debt service payments. UFSA's related party long-term note receivable also decreased four percent in 2014 as a result of payments received from Unified Fire Authority. Deferred outflows of resources (deposits) decreased 100% from 2013 after UFSA's deposit was refunded by Riverton City following the completion of construction at Station 124.

Current liabilities decreased approximately 12% from the previous year due to a lack of construction activity during 2014. Long-term liabilities decreased three percent as a result of bond principal payments of \$915,000 during the year.

As noted earlier, net position may serve over time as a useful measurement to assist with understanding the financial position of UFSA. As of December 31, 2014, assets exceeded liabilities by \$23,729,155, an increase of \$406,584 (two percent) from the previous year. The increase in net position during the year is primarily due to tax revenues exceeding budget. The remaining increase was due to the efficient management of UFSA's budgeted funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

December 31, 2014

UFSA's net position invested in capital assets, net of related debt, totaled \$13,434,753, or 57% of total net position. Although UFSA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. Bond proceeds are restricted for land acquisition and for construction of fire stations within the UFSA. Unrestricted net position may be used to meet general, ongoing financial obligations without constraints established by debt covenants or other legal requirements.

Summary of Statement of Net Position
As of December 31,

	2014	2013	% Change
Assets			
Current and other assets	\$ 10,934,706	\$ 11,410,026	-4%
Long-term note receivable	2,356,307	2,448,114	-4%
Capital assets, net of accumulated depreciation	40,958,742	40,946,218	0%
Total Assets	<u>54,249,755</u>	<u>54,804,358</u>	-1%
Deferred Outflows of Resources			
Deposits	\$ -	\$ 8,993	-100%
Total Assets and Deferred Outflows of Resources	<u>\$ 54,249,755</u>	<u>\$ 54,813,351</u>	-1%
Liabilities			
Current and other liabilities	405,600	460,780	-12%
Long-term liabilities	30,115,000	31,030,000	-3%
Total Liabilities	<u>\$ 30,520,600</u>	<u>\$ 31,490,780</u>	-3%
Net Position			
Invested in capital assets, net of related debt	13,434,753	12,507,226	7%
Restricted	2,600,549	2,591,008	0%
Unrestricted	7,693,853	8,224,337	-6%
Total Net Position	<u>\$ 23,729,155</u>	<u>\$ 23,322,571</u>	2%

Taxes and motor vehicle fees, which were \$42,818,953 for 2014, increased 21% from 2013 to 2014 due to new growth as well as the annexation of Taylorsville City. General government expenses of approximately \$42 million in 2014 represented 96% of total expenses from governmental activities. Interest on long-term debt decreased nearly five percent in 2014 as a result of an offsetting short-term financing premium.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

December 31, 2014

**Summary of Statement of Activities
For the Fiscal Year Ended December 31,**

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Program revenues			
Capital grants and contributions	\$ 1,072,781	\$ 1,025,880	5%
General revenues			
Property taxes and motor vehicle fees	42,818,953	35,388,165	21%
Unrestricted investment earnings	151,286	122,342	24%
Loss on disposal of assets	250	-	100%
Miscellaneous revenue	-	225	-100%
Total revenues	<u>44,043,270</u>	<u>36,536,612</u>	21%
Program expenses			
General government	41,906,969	35,049,494	20%
Interest on long-term debt	<u>1,729,716</u>	<u>1,648,572</u>	5%
Total expenses	<u>43,636,685</u>	<u>36,698,066</u>	19%
Change in net position	406,585	(161,454)	-352%
Net position - beginning	23,322,570	22,190,982	5%
Restatements	-	1,293,043	-100%
Net position - ending	<u>\$ 23,729,155</u>	<u>\$ 23,322,571</u>	2%

FINANCIAL ANALYSIS OF UFSA'S FUNDS

Governmental Funds: As of December 31, 2014, the aggregate fund balance of UFSA's governmental funds was \$10,920,020. Approximately 76% of the aggregate fund balance, or \$8,311,014, was unassigned and was available for appropriation by the UFSA Board. The remainder of the fund balance was nonspendable (\$9,538 for prepaid expense), restricted (\$2,591,011), or assigned (\$8,457) and was not available for new spending because it had already been committed for spending.

GENERAL FUND BUDGETARY HIGHLIGHTS

Significant differences between the original and final budget can be summarized as follows:

- Increase in property taxes totaling more than \$75,000
- Interest expenditures reclassified as interfund lease payments
- Net increase in administrative and operating costs of \$371,000 primarily to cover increase in member fees paid to UFA

Significant variations in actual results over final budget in the general fund can be summarized as follows:

- New growth within UFSA and Taylorsville annexation resulted in tax and impact fee revenues higher than anticipated
- Delays in property acquisition and construction resulted in lower capital outlay than anticipated
- Efficient management of funds resulted in both operations and general and administrative expenditures below budget

For detailed budgetary comparison schedules, see the Required Supplementary Information section, beginning on page 23.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: UFSA's investment in capital assets at December 31, 2014, was \$40,958,742. During the year, UFSA purchased land for \$676,581 for a replacement station to be built in Taylorsville City.

**Capital Assets, Net of Depreciation
As of December 31,**

	2014	2013	%
			Change
Construction in progress	\$ 51,728	\$ 4,707	999%
Land	9,551,862	8,875,281	8%
Building and improvements	30,365,235	31,141,678	-2%
Land improvements	772,207	712,760	8%
Machinery and equipment	217,710	211,792	3%
	<u>\$ 40,958,742</u>	<u>\$ 40,946,218</u>	<u>0%</u>

Additional information on UFSA's capital assets is available in the notes to the financial statements.

Long-term Debt: UFSA issued Lease Revenue bonds in the amount of \$32,950,000 in 2008 for the acquisition of land for, and construction of, fire stations in Millcreek Township, Herriman City, Magna, and Riverton City. UFSA's bonds are rated Aa3 by Moody's and AA- by Fitch. There were no long-term debt issuances in 2014. Payments on the 2008 bonds in 2014 totaled \$2,496,970 (\$915,000 principal and \$1,578,826 interest). Additional information about UFSA's long-term liabilities is available in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Unified Fire Service Area saw continued growth in 2014. In January 2014, the city of Taylorsville was annexed into the Service Area and land was purchased to build a future fire station in the city.

Impact Fee collections exceeded expectations, reflecting the high growth of new residential and commercial developments.

Future plans include the purchase of land for a replacement Olympus Cove station and the remodeling of some existing stations.

On December 12, 2014, Fitch Ratings affirmed an AA- rating for the Service Area's 2008 lease revenue bonds, with an implied GO bond rating of AA. Key rating drivers were the solid local economy and a sound debt profile.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of UFSA's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, 3380 South 900 West, Salt Lake City, UT, 84119.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS
GOVERNMENTAL FUND FINANCIAL STATEMENTS
NOTES TO FINANCIAL STATEMENTS

UNIFIED FIRE SERVICE AREA**BASIC FINANCIAL STATEMENTS****STATEMENT OF NET POSITION**

December 31, 2014

ASSETS

Cash and cash equivalents	\$ 6,921,434
Cash and cash equivalents held by fiscal agent	2,599,468
Receivables	1,404,266
Prepaid expense	9,538
Long term related party note receivable	2,356,307
Capital assets, net of accumulated depreciation	40,958,742
Total Assets	<u>54,249,755</u>

LIABILITIES

Accounts payable	10,262
Accrued liabilities	395,338
Lease revenue bonds payable	
Due within one year	955,000
Due in more than one year	29,160,000
Total Liabilities	<u>30,520,600</u>

NET POSITION

Net Investment in Capital Assets	13,434,753
Restricted for prepaid expense	9,538
Restricted for capital projects	631
Restricted for debt service	2,590,380
Unrestricted	7,693,853
Total Net Position	<u>\$ 23,729,155</u>

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

UNIFIED FIRE SERVICE AREA

BASIC FINANCIAL STATEMENTS

STATEMENT OF ACTIVITIES
Year ended December 31, 2014

Function/Programs	Expenses	PROGRAM REVENUES	NET EXPENSE AND NET POSITION
		Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:			
General government	\$ 41,906,969	\$ 1,072,781	\$ (40,834,188)
Interest on long-term debt	1,729,716	-	(1,729,716)
Total	<u>\$ 43,636,685</u>	<u>\$ 1,072,781</u>	<u>(42,563,904)</u>
GENERAL REVENUES			
Real property taxes			40,374,351
Motor vehicle fees			2,444,602
Unrestricted investment earnings			151,286
Loss on disposal of assets			250
Total general revenues			<u>42,970,489</u>
Change in net position			406,585
Net position - beginning			<u>23,322,570</u>
Net position - ending			\$ 23,729,155

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

UNIFIED FIRE SERVICE AREA

BASIC FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	MAJOR FUNDS			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Fund	Governmental Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,921,434	\$ -	\$ -	\$ 6,921,434
Cash and cash equivalents held by fiscal agent	-	2,599,468	-	2,599,468
Receivables:				
Taxes receivable	1,385,058	-	-	1,385,058
Due from related parties	19,208	-	-	19,208
Net receivables	1,404,266	-	-	1,404,266
 Due from other funds	-	-	631	631
Prepaid expense	9,538	-	-	9,538
Total Assets	<u>\$ 8,335,238</u>	<u>\$ 2,599,468</u>	<u>\$ 631</u>	<u>\$ 10,935,337</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	\$ 10,262	\$ -	\$ -	\$ 10,262
Accrued liabilities	4,424	-	-	4,424
Due to other funds	-	631	-	631
Total Liabilities	<u>14,686</u>	<u>631</u>	<u>-</u>	<u>15,317</u>
FUND BALANCES				
Nonspendable - prepaid expense	9,538	-	-	9,538
Spendable:				
Restricted for:				
Capital outlay	-	-	631	631
Debt service	-	2,590,380	-	2,590,380
Assigned for:				
Debt service	-	8,457	-	8,457
Unassigned	8,311,014	-	-	8,311,014
Total Fund Balances	<u>8,320,552</u>	<u>2,598,837</u>	<u>631</u>	<u>10,920,020</u>
Total Liabilities and Fund Balances	<u>\$ 8,335,238</u>	<u>\$ 2,599,468</u>	<u>\$ 631</u>	<u>\$ 10,935,337</u>

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

UNIFIED FIRE SERVICE AREA**BASIC FINANCIAL STATEMENTS****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION****December 31, 2014**

Total Fund Balances - Governmental Funds	\$ 10,920,020
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets in governmental activities are not financial resources and therefore are not reported in the funds.	40,958,742
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Related party note receivable	2,356,307
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Long-term liabilities, including lease revenue bonds, are not due and
payable in the current period and, therefore, are not reported in the
funds .

Accrued interest on long term debt	\$ (390,914)	
Lease revenue bonds	<u>(30,115,000)</u>	
		<u>(30,505,914)</u>

Net Position of Governmental Activities	<u>\$ 23,729,155</u>
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The accompanying notes are an integral part of the financial statements.

UNIFIED FIRE SERVICE AREA

BASIC FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year ended December 31, 2014

	MAJOR FUNDS			Total
	General Fund	Debt Service Fund	Nonmajor Governmental Fund	Governmental Funds
REVENUES				
Real property taxes	\$ 40,374,351	\$ -	\$ -	\$ 40,374,351
Motor vehicle fees	2,444,602	-	-	2,444,602
Impact fees	1,072,781	-	-	1,072,781
Lease revenue	-	2,482,580	-	2,482,580
Investment earnings	138,289	12,994	3	151,286
Total Revenues	44,030,023	2,495,574	3	46,525,600
EXPENDITURES				
Current				
Salaries and benefits	38,789	-	-	38,789
Operations	42,793,287	-	-	42,793,287
General and administrative	631,898	-	-	631,898
Capital outlay	937,849	-	-	937,849
Debt service				
Principal	-	915,000	-	915,000
Interest	104,389	1,578,826	-	1,683,215
Debt issuance cost and fees	56,250	-	-	56,250
Total Expenditures	44,562,462	2,493,826	-	47,056,288
Deficiency of Revenues Under Expenditures	(532,439)	1,748	3	(530,688)
OTHER FINANCING SOURCES (USES)				
Principal payments received from related party	91,808	-	-	91,808
Net change in fund balances	(440,631)	1,748	3	(438,880)
Fund balances at beginning of year	8,761,183	2,597,089	628	11,358,900
Fund balances at end of year	\$ 8,320,552	\$ 2,598,837	\$ 631	\$ 10,920,020

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

UNIFIED FIRE SERVICE AREA**BASIC FINANCIAL STATEMENTS****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended December 31, 2014**

Total Net Change in Fund Balances - Governmental Funds \$ (438,880)

Amounts reported for governmental activities in the Statement of
Activities are different because:

Capital outlays are reported as expenditures in governmental funds.
However, in the Statement of Activities, the cost of capital assets is
allocated over their estimated useful lives as depreciation expense.
In the current year, these amounts were as follows:

Disposition of capital assets	\$ 250	
Depreciation expense	(925,575)	
Capital outlay	<u>937,849</u>	
		12,524

Principal payments received on long-term related party note receivable. (91,808)

The issuance of long-term debt provides current financial resources
to governmental funds, but issuing debt increases long-term liabilities
in the statement of net position. Costs associated with the issuance of
long-term debt are reported as expenditures in the governmental funds,
but deferred and amortized throughout the period during which the
related debt is outstanding. Repayment of bond principal is an
expenditure in the governmental funds, but the repayment reduces long-
term liabilities in the statement of net position.

Repayment of long-term debt	915,000
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Some expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as ex-
penditures in governmental funds. These activities consist of the following:

Accrued interest on long-term debt	<u>9,749</u>
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Change in Net Position of Governmental Activities \$ 406,585

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Salt Lake Valley Fire Service Area (SLVFSA) was created effective in 2004 to manage and provide fire protection services. The fire service area was created to provide fire protection and emergency medical services to the unincorporated areas of Salt Lake County. Effective January 1, 2008, SLVFSA assessed and recorded its own property taxes apart from Salt Lake County. Also beginning January 1, 2008, Unified Fire Authority (UFA) assumed management and administrative support for SLVFSA. Prior to these two changes, Salt Lake County reported SLVFSA as a blended component unit of its primary government. Midvale City and Eagle Mountain City joined SLVFSA to provide fire protection and emergency medical services to its citizens in July 2011 and January 2013, respectively. In March 2013, the Board approved changing SLVFSA's entity name to Unified Fire Service Area. The City of Taylorsville joined UFA in January 1, 2014. UFA is a separate legal entity, with an eight member board of elected officials, three of which represent unincorporated areas of Salt Lake County and five of which represent the cities of Eagle Mountain, Herriman, Midvale, Riverton, and Taylorsville.

Blended Component Unit

The Local Building Authority of the Salt Lake Valley Fire Service Area (LBA) was created in 2008. In March 2013, the Board approved changing the LBA's entity name to the Local Building Authority of the Unified Fire Service Area. The LBA is governed by the Board of UFA. Although it is legally separate from UFA, it is reported as if it were part of the primary government. The LBA was created solely for the benefit of UFA with a purpose to acquire, improve, construct, and finance capital facilities within the fire service area. It should be noted that the LBA currently has one capital projects fund and one debt service fund.

Government-Wide and Fund Financial Statements

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of UFA. The effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues.

Fund financial statements present each major individual fund as a separate column. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. UFA segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Property taxes are recognized as revenues in the year for which they are levied.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Governmental funds are those through which most of the governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, and liabilities is reported as fund balance. UFSA has presented the following major governmental funds:

- *General Fund*— the general fund is the main operating fund of UFSA, used for all financial resources not accounted for in other funds. All general revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.
- *Debt Service Fund*— the LBA's debt service fund is used to account for the accumulation of resources for and the payment of long-term debt principal, interest, and related costs.

The LBA's nonmajor governmental fund is a capital projects fund used to account for funds received and expended for the acquisition and construction of capital equipment and facilities throughout UFSA's jurisdiction.

Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by UFSA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. If purchased, such assets are recorded at historical cost. Assets are recorded at fair value at the date of gift, if donated. Assets transferred from other governmental entities are recorded at the net book value removed from the conveying government's books.

Major additions are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense. No depreciation is recognized on construction in progress until the asset is placed in service. UFSA does not possess any infrastructure.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	5 – 40 years
Land improvements	2 – 31 years
Machinery and equipment	5 – 15 years

Restricted Assets

Certain proceeds of UFSA's 2008 lease revenue bonds, as well as certain resources set aside for their repayment, are maintained in separate bank accounts and are classified as restricted assets because their use is limited by bond covenants. The "reserve fund" accounts, with a balance of \$2,599,468 at December 31, 2014, are used to report resources set aside for the payment of principal and interest on the lease revenue bonds.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, UFSA generally uses restricted resources first, then unrestricted resources.

Revenues — Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which UFSA receives value without directly giving value in return, include grants and donations. On the accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which UFSA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to UFSA on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Net Position/Fund Balances

The difference between assets and liabilities is reported as net position on the government-wide financial statements and fund balance on the governmental fund statements. UFSA's net position is classified as follows:

- Invested in capital assets, net of related debt— This component of net position consists of UFSA's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- Restricted for capital projects— This component of net position consists of net position related to funds held in escrow that are restricted for the completion of capital projects.
- Restricted for debt service— This component of net position consists of net position related to funds held in escrow that are restricted for the payment of principal and interest on lease revenue bonds.
- Unrestricted— This component of net position consists of items of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the governmental fund statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the UFSA Board, such as an appropriation. Assigned fund balance is constrained by the Board's intent to be used for specific purposes, by directive of the Board. When an expenditure is incurred for purposes which restricted, committed, assigned and unassigned resources are available, UFSA generally uses restricted resources first, followed by committed and assigned resources before unassigned resources are used.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

UFSA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which it carries commercial insurance. There were no significant reductions in coverage from prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following at December 31, 2014:

Cash and cash equivalents:	
Cash - net of outstanding checks	\$ 202,490
Public Treasurer's Investment Fund (PTIF)	6,718,944
Total unrestricted cash and cash equivalents	6,921,434
Cash and cash equivalents held by fiscal agent (invested in PTIF)	2,599,468
Total cash, cash equivalents, and investments	<u>\$ 9,520,902</u>

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Utah Money Management Act that relate to the deposit and investment of public funds.

UFSA follows the requirements of the Utah Money Management Act in handling its depository and investment transactions. The Act requires depositing of UFSA's funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the local government's deposits may not be recovered. UFSA's deposits are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (FDIC). Deposits above \$250,000 are exposed to credit risk. As of December 31, 2014, UFSA's depository bank balance was \$207,555, all of which is insured. Utah State Law does not require deposits to be insured or collateralized. UFSA does not have a formal deposit policy for custodial credit risk.

The Money Management Act defines the types of securities authorized as appropriate investments for UFSA's funds 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.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

These statutes authorize UFSA 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 subdivisions 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 Money Management Act; and the Utah State Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF and is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. 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 operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees which is allocated to each participant on the ratio of each participant's share to the total funds in the PTIF. The participant's monthly investment amount is based upon their average daily balance.

At June 30 and December 31 each year, the fair value of the investments is determined to enable participants (public entities having those year ends) to adjust their investments in the pool. As of December 31, 2014, UFSA had \$6,718,944 invested in PTIF. Additionally, \$2,599,468 held by a fiscal agent was invested in PTIF at December 31, 2014. The entire balance had a maturity of less than one year. The PTIF pool has not been rated. The PTIF is reported as a fiduciary fund by the State of Utah in its Comprehensive Annual Financial Report. A copy of the report may be obtained online at <http://www.utah.gov/treasurer/investor-cafr.html>.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. UFSA manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. UFSA's investment policy limits the term of investments to a maximum maturity that shall not exceed five years in order to manage its exposure to fair value losses arising from increasing interest rates. The investment policy also specifies that UFSA's investment portfolio will remain sufficiently liquid to enable UFSA to meet all operating requirements which might be reasonably anticipated.

Custodial Credit Risk for investments is the risk that, in the event of a failure of the counterparty, UFSA will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. UFSA's policy for limiting the credit risk of investments is to comply with the Money Management Act, as previously discussed. All of UFSA's investments at December 31, 2014 were with the PTIF and therefore are unrated and are not categorized as to custodial credit risk. *Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. UFSA's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council, as applicable. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 3 - PROPERTY TAXES

Property taxes attach an enforceable lien on property as of January 1 in the year in which due and are assessed in July through billing to the property owner. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by UFSA when they are collected. Property taxes are billed and collected by Salt Lake County and Utah County on behalf of UFSA and remitted monthly. Property taxes received by UFSA within 60 days after year end are recorded as revenue as of year-end. The 2014 Certified Tax Rate for UFSA is .002088.

NOTE 4 - CAPITAL ASSETS

The changes in capital assets for the year ended December 31, 2014 are as follows:

	January 1, 2014	Additions/ Transfers In	Disposals/ Transfers Out	December 31, 2014
Capital assets not being depreciated:				
Construction in progress	\$ 4,707	\$ 47,021		\$ 51,728
Land	8,875,281	676,581		9,551,862
Total capital assets not being depreciated	8,879,988	723,602	-	9,603,590
Capital assets being depreciated:				
Building and improvements	34,269,121	93,760	(10,004)	34,352,877
Land improvements	840,576	106,132	-	946,708
Machinery and equipment	263,917	24,359	-	288,276
Total capital assets being depreciated	35,373,614	224,251	(10,004)	35,587,861
Less accumulated depreciation for:				
Building and improvements	(3,127,443)	(860,449)	250	(3,987,642)
Land improvements	(127,816)	(46,685)	-	(174,501)
Machinery and equipment	(52,125)	(18,441)	-	(70,566)
Total accumulated depreciation	(3,307,384)	(925,575)	250	(4,232,709)
Total capital assets being depreciated, net	32,066,230	(701,324)	(9,754)	31,355,152
Total capital assets, net	\$ 40,946,218	\$ 22,278	\$ (9,754)	\$ 40,958,742

Depreciation charged for governmental activities for the year ended December 31, 2014, was \$925,575.

NOTE 5 - SHORT-TERM DEBT

On April 9, 2014, UFSA issued Tax and Revenue Anticipation Notes, Series 2014, in the amount of \$21 million at a 1.5% interest rate for a short-term basis until tax revenue was received. Issuance costs related to the TRAN were \$56,250. Principal and interest totaling \$21,221,375 were paid on December 19, 2014.

NOTE 6 - LONG-TERM DEBT

Lease revenue bonds are issued by the LBA of Unified Fire Service Area, a blended component unit of UFSA. These bonds are not considered general obligation bonds of UFSA, but are special obligations payable from the lease revenues derived from the assets acquired or constructed with bond proceeds. The following is a summary of transactions affecting lease revenue bonds for the year ended December 31, 2014:

	Beginning	Increases	(Decreases)	Ending
Local Building Authority Lease Revenue Bonds, series 2008 (issued August 14, 2008)	\$ 31,030,000	\$ -	\$ (915,000)	\$ 30,115,000

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of future maturities on lease revenue bonds in the LBA as of December 31, 2014:

<u>Maturity Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>
2015	2,492,895	955,000	1,537,895	4.50%
2016	2,491,407	1,000,000	1,491,407	5.00%
2017	2,497,258	1,060,000	1,437,258	5.50%
2018	2,492,445	1,115,000	1,377,445	5.50%
2019	2,490,939	1,175,000	1,315,939	5.25%
2020	2,502,282	1,250,000	1,252,282	5.25%
2021	2,485,345	1,300,000	1,185,345	5.25%
2022	2,491,845	1,375,000	1,116,845	5.00%
2023	2,496,220	1,450,000	1,046,220	5.00%
2024	2,496,845	1,525,000	971,845	5.00%
2025	2,503,470	1,610,000	893,470	5.00%
2026	2,500,970	1,690,000	810,970	5.00%
2027	2,482,960	1,760,000	722,960	5.20%
2028	2,479,100	1,850,000	629,100	5.20%
2029	2,474,944	1,945,000	529,944	5.25%
2030	2,479,944	2,055,000	424,944	5.25%
2031	2,522,435	2,210,000	312,435	5.30%
2032	2,522,125	2,330,000	192,125	5.30%
2033	2,525,190	2,460,000	65,190	5.30%
	<u>\$ 47,428,619</u>	<u>\$ 30,115,000</u>	<u>\$ 17,313,619</u>	

The bond sinking fund requirements to maturity for the long-term debt, as of December 31, 2014, are as follows:

<u>Maturity Date</u>	<u>Principal</u>
2025	\$ 1,610,000
2026	1,690,000
2027	1,760,000
2028	1,850,000
2029	1,945,000
2030	2,055,000
2031	2,210,000
2032	2,330,000
2033	2,460,000

Bond covenants require a reserve fund in the amount of \$2,590,380 to be used only for the payment of principal and interest on the lease revenue bonds. UFSA maintains and classifies these reserve funds in the respective funds' restricted cash accounts.

NOTE 7 - INTERFUND ACTIVITY

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in the fund financial statements, but are generally excluded from the government-wide financial statements. There were no interfund transfers in 2014.

Debt service on the Local Building Authority Lease Revenue Bonds, series 2008, is payable from lease payments by UFSA to the LBA for the use of fire stations. During 2014, lease payments of \$2,482,580 were paid by the General fund to the LBA's Debt Service fund. Future lease payments will be equal to the required debt service payments. Assets recorded under this operating lease are land, buildings, and equipment having original cost of \$24,528,498, with \$1,776,089 of accumulated depreciation.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

NOTE 8 - RELATED PARTY TRANSACTIONS

UFSA has been a member of UFA since its inception in July 2004. Beginning in January 2008, UFA assumed management of UFSA from Salt Lake County. UFSA paid member fees and interest of \$40,310,708 and \$18,974, respectively, to UFA during 2014. UFA provides fire protection service and staffing, equipment, and station maintenance for the fees it receives from UFSA. UFSA paid management fees to UFA for its services totaling \$450,000 for the year ended December 31, 2014.

In February 2012, UFSA entered into an interlocal agreement with UFA to finance the purchase of a warehouse in West Jordan, Utah. In March 2012, UFSA loaned \$2.5 million to UFA for purchase of the building. The agreement requires UFA to pay 228 monthly payments of \$15,672 beginning 30 days following the termination of its current warehouse lease. Prior to the commencement of payments, UFA paid interest monthly at the Utah PTIF rate. Upon commencement of payments, the agreement bears 4% interest. UFA paid \$91,808 in principal and \$96,254 in interest to UFSA, including \$15,672 (\$7,792 principal and \$7,880 interest) accrued as of December 31, 2014. The following is a schedule by years of future minimum payments required under the agreement as of December 31, 2014:

2015	\$ 95,548
2016	99,441
2017	103,492
2018	107,708
2019	112,097
2020-2024	632,825
2025-2029	772,678
2030-2032	432,518
	<u>\$ 2,356,307</u>

In September 2014, Riverton City reimbursed UFSA \$12,817 for selected construction costs related to Station 124. UFSA reduced the building basis for this reimbursement.

In July 2014, UFSA began collecting fire impact fees for development within the City of Taylorsville. Taylorsville collected impact fees on behalf of UFSA totaling \$3,536 between January and June 2014. These fees are included in accounts receivable at December 31, 2014.

NOTE 9 - SUBSEQUENT EVENTS

UFSA issued a Tax and Revenue Anticipation Note of \$21 million in April 2015.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Commitments for major construction projects totaled \$244,186 at December 31, 2014.

As of December 31, 2014, UFSA did not have any pending litigation or potential nondisclosed liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED FIRE SERVICE AREA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year ended December 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
REVENUES				
Real property taxes	\$ 38,634,258	\$ 38,710,093	\$ 40,374,351	\$ 1,664,258
Motor vehicle fees	2,052,000	2,052,000	2,444,602	392,602
Impact fees	1,000,000	1,000,000	1,072,781	72,781
Interest income	175,000	175,000	138,289	(36,711)
Other income	-	-	-	-
Total Revenues	<u>41,861,258</u>	<u>41,937,093</u>	<u>44,030,023</u>	<u>2,092,930</u>
EXPENDITURES				
Current				
Salaries and benefits	39,000	39,000	38,789	211
Operations	40,881,400	42,805,326	42,793,287	12,039
General and administrative	626,000	658,000	631,898	26,102
Capital outlay	3,600,000	3,588,153	937,849	2,650,304
Debt service				
Interest	1,750,000	165,074	104,389	60,685
Debt issuance costs and fees	28,000	60,000	56,250	3,750
Total Expenditures	<u>46,924,400</u>	<u>47,315,553</u>	<u>44,562,462</u>	<u>2,753,091</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,063,142)	(5,378,460)	(532,439)	4,846,021
OTHER FINANCING SOURCES				
Loan payments from related party	-	-	91,808	91,808
Total other financing sources	<u>-</u>	<u>-</u>	<u>91,808</u>	<u>91,808</u>
Net change in fund balance	(5,063,142)	(5,378,460)	(440,631)	<u>\$ 4,937,829</u>
Fund balance at beginning of year	<u>8,761,183</u>	<u>8,761,183</u>	<u>8,761,183</u>	
Fund balance at end of year	<u>\$ 3,698,041</u>	<u>\$ 3,382,723</u>	<u>\$ 8,320,552</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2014

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Unified Fire Service Area (UFSA) adopts an “appropriated budget” for all of its funds. UFSA is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- By the first regularly scheduled Board meeting in November, UFSA prepares a tentative budget for the next succeeding fiscal year beginning January 1. The operating budget includes proposed expenditures and the means of financing them.
- A meeting of the Board of Trustees is then called for the purpose of adopting the tentative budget after seven days public notice of the meeting has been given.
- By December 22, the proposed tax rate and budget is adopted by resolution. If there is no increase in the certified tax rate, a final budget is adopted by December 22. If UFSA sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until public hearings to adopt proposed increases are held. Until the hearings are held and a final budget and tax rate are adopted, UFSA may expend monies based on: (1) its tentative budget after adoption, or (2) its prior year’s adopted final budget as amended, which must be re-adopted by resolution at a regular meeting of the governing body.
- Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, as reflected in the official minutes of the Board, and are not made after fiscal year end.
- Each budget is prepared and controlled by the budget officer at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board of Trustees.
- The budgets for all funds must be filed with the Utah State Auditor within 30 days of adoption.

Budgets are prepared on a modified accrual basis of accounting according to generally accepted accounting principles for governmental funds.

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTAL REPORTS

UNIFIED FIRE SERVICE AREA**OTHER SUPPLEMENTARY INFORMATION****BUDGETARY COMPARISON SCHEDULES**

Year ended December 31, 2014

LOCAL BUILDING AUTHORITY — CAPITAL PROJECTS FUND

	Budgeted Amounts	Actual Amounts	Variance
REVENUES			
Interest income	\$ -	\$ 3	\$ 3
Total Revenues	-	3	3
Net change in fund balance	-	3	\$ 3
Fund balance at beginning of year	628	628	
Fund balance at end of year	\$ 628	\$ 631	

LOCAL BUILDING AUTHORITY — DEBT SERVICE FUND

	Budgeted Amounts	Actual Amounts	Variance
REVENUES			
Rent income	\$ 2,476,000	\$ 2,482,580	\$ 6,580
Interest income	13,000	12,994	(6)
Total Revenues	2,489,000	2,495,574	6,574
EXPENDITURES			
Debt service			
Principal	915,000	915,000	-
Interest	1,585,000	1,578,826	6,174
Total Expenditures	2,500,000	2,493,826	6,174
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	1,748	12,748
Net change in fund balance	(11,000)	1,748	\$ 12,748
Fund balance at beginning of year	2,597,089	2,597,089	
Fund balance at end of year	\$ 2,586,089	\$ 2,598,837	



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

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

Board of Trustees
Unified Fire Service Area
Salt Lake City, Utah

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Unified Fire Service Area (UFSA), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise UFSA's basic financial statements, and have issued our report thereon dated May 12, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keddington & Christensen, LLC

May 12, 2015



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH THE STATE COMPLIANCE AUDIT GUIDE
ON COMPLIANCE WITH GENERAL STATE COMPLIANCE
REQUIREMENTS AND ON INTERNAL CONTROLS OVER COMPLIANCE**

Board of Trustees
Unified Fire Authority
Salt Lake City, Utah

REPORT ON COMPLIANCE

We have audited Unified Fire Service Area's (UFSA) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on UFSA for the year ended December 31, 2014.

General state compliance requirements were tested for the year ended December 31, 2014 in the following areas:

- Budgetary Compliance
- Fund Balance
- Conflicts of Interest
- Nepotism

UFSA did not have any state funding classified as a major program during the year ended December 31, 2014.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of UFSA's compliance.

Opinion on General State Compliance Requirements

In our opinion, Unified Fire Service Area complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on UFSA for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of Report

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

Keddington & Christensen, LLC

May 12, 2015

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

Re: \$_____

Local Building Authority of
Unified Fire Service Area, Utah
Lease Revenue and Refunding Bonds, Series 2016

MATURITY DATE (APRIL 1)	PRINCIPAL AMOUNT	INTEREST RATE
	\$	%

C-1

(a) financing the acquisition, construction and improvement of a fire station in Taylorsville City, Utah (the “*Project*”); (b) refunding in advance of their maturity certain of the Issuer’s outstanding Lease Revenue Bonds, Series 2008 (the “*Refunded Bonds*”); (c) providing certain capitalized interest on the 2016 Bonds and (d) paying the costs and expenses incidental thereto and to the issuance of the 2016 Bonds and the refunding of the Refunded Bonds.

From such examination of the proceedings of the Service Area and the Board of Trustees of the Issuer referred to above and from an examination of the Acts, we are of the opinion that such proceedings show lawful authority for the issuance of the 2016 Bonds under the laws of the State of Utah (the “*State*”) now in force.

In connection with the issuance of the 2016 Bonds, we have also examined an originally executed counterpart of each of the following: (a) that certain General Indenture of Trust, dated as of August 1, 2008, as heretofore amended and supplemented, and as further amended and supplemented by the Third Supplemental Indenture of Trust, dated as of June 1, 2016 (collectively, the “*Indenture*”), each between the Issuer and Zions Bank, a division of ZB, National Association, as trustee (the “*Trustee*”) and (b) that certain annually renewable Master Lease Agreement, dated as of August 1, 2008, as heretofore amended and supplemented, and as further amended and supplemented by the Second Amendment to Master Lease Agreement, dated as of June 1, 2016 (collectively, the “*Lease*”), each between the Issuer and the Service Area.

The 2016 Bonds are issued under and are secured by the Indenture, pursuant to which the Issuer has, subject to certain Permitted Encumbrances (as such term is defined in the Lease), pledged and assigned to the Trustee for the benefit of the owners of the 2016 Bonds and the owners of any bonds heretofore or hereafter issued on a parity therewith under the Indenture all of the Issuer’s right, title and interest in and to the Projects and the Lease, including the right under the Lease to receive Base Rentals (as such term is defined in the Lease), as security for the payment of the principal of, and premium, if any, and interest on, the 2016 Bonds and any other such parity bonds as may be issued under the Indenture in the future. The 2016 Bonds are limited obligations of the Issuer and are payable solely from the Base Rentals received under the Lease and, if paid, the Purchase Option Price (as such term is defined in the Lease) and, to the extent not so paid, from the Trust Estate (as such term is defined in the Indenture) and from such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture.

Neither the 2016 Bonds nor the Lease constitute the debt or indebtedness of the Issuer, the Service Area, the State or any political subdivision of the State within the meaning of any constitutional provision or limitation nor give rise to or are a general obligation or liability of nor a charge against the general credit or taxing powers of the State or any political subdivision of the State. The Issuer has no taxing power. In the event of default of any payment of principal of, or premium (if any) or interest on, the 2016 Bonds or any violation of any provision of the Lease or the Indenture resulting in the foreclosure of the liens, security interests and rights granted by the Indenture, the Trustee shall be entitled, among other things, to pursue certain remedies against the Projects as provided in the Indenture but no deficiency judgment upon foreclosure may be entered in any event against the Issuer, the Service Area, or the State or any of its political subdivisions, except as otherwise expressly provided in the Lease with respect to the Service Area’s actual use and occupancy of the Projects, and no breach of any covenant or agreement in the Lease or the Indenture shall impose any general obligation or liability upon, nor a charge against, the Service Area or the general credit or taxing power of the State or any of its political subdivisions.

Under the Lease, the Projects have been leased by the Issuer to the Service Area and the Service Area has agreed to pay, directly to the Trustee, the Base Rentals, but only if and to the extent that the Service Area shall specifically appropriate funds annually sufficient to pay the Base Rentals coming due during the succeeding fiscal year of the Service Area plus such additional amounts (the “*Additional*

Rentals”) necessary to operate and maintain the Projects during such period. The Base Rentals and the Additional Rentals are hereinafter referred to collectively as the “*Rentals*”. Under the Lease, the Service Area has been granted an option to purchase the Projects and to terminate its obligations under the Lease upon payment of the then applicable Purchase Option Price. The Lease specifically provides, however, that nothing therein shall be construed to require the Service Area to appropriate any money to pay any Rentals or the Purchase Option Price thereunder. In addition, the obligation of the Service Area to pay Base Rentals under the Lease will terminate, without payment of the Purchase Option Price or any other amounts, if an Event of Nonappropriation or an Event of Default (as each such term is defined in the Lease) shall occur.

Based upon an examination of the aforementioned documents and of such other documents and matters of law as we have deemed relevant and necessary as a basis for the opinions set forth herein, it is further our opinion that:

1. The Issuer is duly organized, validly existing and in good standing as a nonprofit corporation under the laws of the State and has the authority under the Acts to issue the 2016 Bonds and to authorize, execute, deliver and perform its obligations under the Lease and the Indenture.

2. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery thereof by the Trustee, the Indenture constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.

3. The Lease has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer and the Service Area enforceable in accordance with its terms.

4. The 2016 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms (except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors’ rights generally or usual equity principles in the event equitable remedies should be sought) and the terms of the Indenture and are entitled to the benefits of the Indenture and the Acts; and (except to the extent paid out of moneys attributable to 2016 Bond proceeds or income from the temporary investment thereof, the Purchase Option Price, if paid, and any payments derived from the exercise by the Trustee of its rights and remedies against the Trust Estate as provided in the Indenture) the 2016 Bonds are and will continue to be payable solely from Base Rentals paid by the Service Area under the Lease, which Base Rentals have been duly assigned to the Trustee pursuant to the Indenture and pledged to the payment of principal of, and premium, if any, and interest on, the 2016 Bonds. Such amounts, which by the terms of the Lease are to be paid by the Service Area to the Trustee, are sufficient for the payment of the principal of, and premium, if any, and interest on, the 2016 Bonds as the same become due so long as the Service Area exercises its option annually under the Lease to extend the term of the Lease as provided therein.

5. Subject to the Issuer’s and the Service Area’s compliance with certain covenants, under present law, interest on the 2016 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the 2016 Bonds to be includable in gross income

for federal income tax purposes retroactively to the date of issuance of the 2016 Bonds. Ownership of the 2016 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the 2016 Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants.

6. Under the existing laws of the State, as presently enacted and construed, interest on the 2016 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2016 Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the 2016 Bonds.

Enforceability of the 2016 Bonds, the Indenture and the Lease may be limited (a) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought and (b) by the exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the power delegated to it by the federal constitution, to the extent that the obligations of the Issuer and the Service Area under the 2016 Bonds, the Indenture and the Lease are subject to the exercise of such powers.

We express no opinion as to the title to, the description of, or the perfection, priority or existence of any liens, charges, security interests or encumbrances on the Projects.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the 2016 Bonds.

In rendering this opinion, we have relied upon certifications of the Issuer and the Service Area with respect to certain material facts within the knowledge of the Issuer or the Service Area. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Undertaking*”) is executed and delivered by the Unified Fire Service Area, Utah (the “*Service Area*”), in connection with the issuance of by the Local Building Authority of Unified Fire Service Area, Utah (the “*Authority*”), of its \$_____ Lease Revenue and Refunding Bonds, Series 2016 (the “*Bonds*”). The Bonds are being issued pursuant to a General Indenture of Trust, dated as of August 1, 2008, as heretofore supplemented and amended (the “*Original Indenture*”), and as further supplemented and amended by a Third Supplemental Indenture of Trust, dated as of June 1, 2016 (the “*Third Supplement*” and, together with the Original Indenture, the “*Indenture*”), each between the Authority and U.S. Bank National Association, as trustee.

In consideration of the issuance of the Bonds by the Authority, the lease of the Projects (as defined in the Indenture) by the Authority to the Service Area and the purchase of such Bonds by the beneficial owners thereof, the Service Area covenants and agrees as follows:

1. PURPOSE OF THIS UNDERTAKING. This Undertaking is executed and delivered by the Service Area as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The Service Area represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the Service Area prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the Service Area and which has filed with the Service Area a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the Service Area pursuant to Sections 4 and 5.

3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

APRIL 1
OF THE YEAR

CUSIP
NUMBER

APRIL 1
OF THE YEAR

CUSIP
NUMBER

The Final Official Statement relating to the Bonds is dated _____, 2016 (the “*Final Official Statement*”). The Service Area will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Undertaking.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 9 of this Undertaking, the Service Area hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Service Area will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Undertaking, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 9 of this Undertaking, the Service Area hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Service Area shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the Service Area to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Service Area to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed a default under the Indenture, and the sole remedy under this Undertaking in the event of any failure of the Service Area to comply with this Undertaking shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Undertaking, the Service Area by resolution authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived, if:

- (a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Service Area, or type of business conducted; or

(ii) This Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the Service Area or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Service Area shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Undertaking.

8. **TERMINATION OF UNDERTAKING.** The Undertaking of the Service Area shall be terminated hereunder if both the Authority and the Service Area shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Service Area shall give notice to EMMA in a timely manner if this Section is applicable.

9. **DISSEMINATION AGENT.** The Service Area may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. **ADDITIONAL INFORMATION.** Nothing in this Undertaking shall be deemed to prevent the Service Area from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Undertaking. If the Service Area chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Undertaking, the Service Area shall have no obligation under this Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. **BENEFICIARIES.** This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the Service Area, the Authority, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. **RECORDKEEPING.** The Service Area shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. **ASSIGNMENT.** The Service Area shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the Service Area under this Undertaking or to execute an Undertaking under the Rule.

14. **GOVERNING LAW.** This Undertaking shall be governed by the laws of the State.

DATED as of the day and year first above written.

UNIFIED FIRE SERVICE AREA, UTAH

By _____
Chair, Board of Trustees

ATTEST:

By _____
Clerk

[SEAL]

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“*Annual Financial Information*” means financial information and operating data of the type contained in *Appendix A* of the Official Statement under the following captions:

CAPTION	PAGE
LOCAL BUILDING AUTHORITY OF UNIFIED SERVICE AREA, UTAH	
— Debt Issuance	
— Debt Service Schedule Of Outstanding Lease Revenue Bonds Of The Local Building Authority Of Unified Fire Service Area, Utah By Fiscal Year	
DEBT STRUCTURE OF UNIFIED SERVICE AREA, UTAH	
— Historical Tax And Revenue Anticipation Note Borrowing; Other Debt Obligations	
FINANCIAL INFORMATION REGARDING UNIFIED FIRE SERVICE AREA, UTAH	
— Five-Year Financial Summaries	
— Certain Property Tax Matters	
— Historical Property Tax Rates	
— Taxable, Fair Market/Market Value Of Ad Valorm Property	
— Historical Summaries Of Taxable Values of Property	
— Tax Collection Record	
— Some Of The Largest Property Tax Taxpayers	

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Service Area shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by July 29 of each calendar year, beginning with the fiscal year ending December 31, 2015. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to Service Area.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, the Service Area will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, 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 security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Service Area*
13. The consummation of a merger, consolidation, or acquisition involving the Service Area or the sale of all or substantially all of the assets of the Service Area, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Service Area in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Service Area, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Service Area.

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APPENDIX E

BOOK-ENTRY SYSTEM

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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 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 2016 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 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 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 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their ben-

efit 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 2016 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 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2016 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 the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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