PRELIMINARY OFFICIAL STATEMENT DATED JULY 21, 2026

NEW ISSUE **Rating: Moody's "Aa2"**
Book-Entry Only **(See "BOND RATING" herein.)**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The Series 2026 Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" in this Official Statement.

$21,395,000*

LOCAL BUILDING AUTHORITY OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH
LEASE REVENUE BONDS, SERIES 2026
Payable from Base Rentals to be Made by
HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH
Pursuant to an Annually Renewable Lease

Dated: Date of Delivery **Due: August 15, as shown on inside front cover**

The Lease Revenue Bonds, Series 2026 (the "Series 2026 Bonds") of the Local Building Authority of Hurricane Valley Fire Special Service District, Utah (the "Authority") are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds. Interest on the Series 2026 Bonds is payable on February 15 and August 15 of each year, commencing February 15, 2027, all as more fully described herein. Payment of the principal of and interest on such Series 2026 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE SERIES 2026 BONDS—Book-Entry Only System" herein.

The Series 2026 Bonds are subject to optional, extraordinary, [and sinking fund] redemption prior to maturity. See "THE SERIES 2026 BONDS—Redemption" herein.

The proceeds of the Series 2026 Bonds will be used to (i) finance all or a portion of the costs the acquisition and construction of a new fire station near the Sand Hollow State Park in Hurricane City, Utah, the acquisition and construction of a new station at Kolob Reservoir, the preparation of plans for future fire station facilities, and all related improvements (collectively, the "Series 2026 Project") and (ii) pay costs of issuance of the Series 2026 Bonds.

The Series 2026 Bonds are issued under and are equally and ratably secured by the Indenture. Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Lease, including its right to receive the Base Rentals under the Lease as security for the payment of the principal of, premium, if any, and interest on the Series 2026 Bonds. In addition, the Authority will grant a security interest in the Series 2026 Project for the equal and proportionate benefit of the owners of the Series 2026 Bonds. The Series 2026 Bonds are limited obligations of the Authority payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Series 2026 Bonds.

Under the herein described Lease, Hurricane Valley Fire Special Service District, Utah (the "District") has agreed to make payments in stated amounts which are sufficient to pay the principal of and the interest on the Series 2026 Bonds coming due in each year but only if and to the extent that the Board of Trustees of the District annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term under the Lease plus such additional amounts as are necessary to operate and maintain the Series 2026 Project during such period. The Lease specifically provides that nothing therein shall be construed to require the Board of Trustees to appropriate any money to pay any Base Rentals or Additional Rentals thereunder and that the District shall not be obligated to pay such Rentals except to the extent appropriated.

THE OBLIGATION OF THE DISTRICT TO PAY ANY RENTALS IS ANNUALLY RENEWABLE AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATION OF THE DISTRICT TO PAY RENTALS NOR THE OBLIGATION OF THE AUTHORITY TO PAY THE SERIES 2026 BONDS WILL CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2026 BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE DISTRICT TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE DISTRICT'S THEN CURRENT FISCAL YEAR. THE SERIES 2026 BONDS ARE NOT AN INDEBTEDNESS OR A LIABILITY OF THE DISTRICT OR THE STATE. THE AUTHORITY HAS NO TAXING POWER.

The Series 2026 Bonds will be awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on August 4, 2026, as set forth in the Official Notice of Bond Sale, dated July 21, 2026.

The Series 2026 Bonds are offered when, as and if issued by the Authority and subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the District by Ruesch Reeve Werrett & Jones, PLLC, Hurricane City, Utah. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., as Disclosure Counsel to the Authority. Zions Public Finance, Inc. has acted as municipal advisor to the Authority in connection with the issuance of the Series 2026 Bonds. It is expected that the Series 2026 Bonds, in book-entry only form, will be available for delivery to DTC or its agent on or about August 19, 2026.

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 __________, 2026, and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

$21,395,000*

LOCAL BUILDING AUTHORITY OF
HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

LEASE REVENUE BONDS, SERIES 2026

MATURITY SCHEDULE

Due (August 15)	Principal Amount*	Interest Rate	Yield	Price	CUSIP No.**
2027	$475,000				
2028	485,000				
2029	510,000				
2030	535,000				
2031	560,000				
2032	590,000				
2033	620,000				
2034	650,000				
2035	685,000				
2036	720,000				
2037	755,000				
2038	790,000				
2039	830,000				
2040	870,000				
2041	905,000				
2042	945,000				
2043	980,000				
2044	1,020,000				
2045	1,060,000				
2046	1,105,000				
2047	1,155,000				
2048	1,205,000				
2049	1,260,000				
2050	1,315,000				
2051	1,370,000				

[$__________ _____% Term Bond due August 15, 20___; Price _____%; CUSIP No. _____**]

* Preliminary; subject to change.

** The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the parties to this Bond transaction and are included solely for the convenience of the holders of the Series 2026 Bonds. None of the Authority, the District, or the Trustee is responsible for the selection or use of such CUSIP numbers, and no representation is made as to their correctness on the Series 2026 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the Authority, the District, DTC, and other sources that 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 any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the District, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the Authority, the District, or the Purchaser to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements include, among others, statements concerning expectations, beliefs, opinions, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements.

The yields at which the Series 2026 Bonds are offered to the public may vary from the initial reoffering yields on the front cover page of this Official Statement. In connection with this offering, the Purchaser may engage in transactions that stabilize, maintain or otherwise affect market prices of the Series 2026 Bonds. Such transactions, if commenced, may be discontinued at any time.

The District maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026 Bonds.

THE SERIES 2026 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2026 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

$21,395,000*
LOCAL BUILDING AUTHORITY OF
HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

LEASE REVENUE BONDS, SERIES 2026

Hurricane Valley Fire Special Service District, Utah
202 East State Street
Hurricane, Utah 84737
(435) 635-9562

GOVERNING BOARD OF THE AUTHORITY

LaRene Cox .... Chair/President
Todd Sands .... Vice President
Randy Aton .... Board Member
Dave Imlay .... Board Member
Paul Luwe .... Board Member
Scot Pectol .... Board Member
Wayne Peterson .... Board Member
Robin Smith .... Board Member

DISTRICT ADMINISTRATION

Joe Decker .... Chief
Kohl Furley .... Deputy Chief
Nick Wright .... Deputy Chief
Megan Ayala .... Director of Human Resources/Treasurer
Melinda Falaniko .... District Clerk

TRUSTEE, PAYING AGENT & REGISTRAR
Zions Bancorporation, National Association
Corporate Trust
7860 South Bingham Junction Boulevard
Midvale, Utah 84047

MUNICIPAL ADVISOR
Zions Public Finance, Inc.
One South Main Street, 18th Floor
Salt Lake City, Utah 84133

BOND & DISCLOSURE COUNSEL
Gilmore & Bell, P.C.
15 West South Temple, Suite 1400
Salt Lake City, Utah 84101

* Preliminary; subject to change.

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OFFICIAL STATEMENT

RELATING TO

$21,395,000*
LOCAL BUILDING AUTHORITY OF
HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

LEASE REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement, including the cover page, introduction, and appendices, provides information in connection with the issuance and sale by the Local Building Authority of Hurricane Valley Fire Special Service District, Utah (the "Authority") of its $21,395,000* Lease Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), initially issued in book-entry form only. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined are defined in "APPENDIX B—EXTRACTS OF CERTAIN PROVISIONS OF THE INDENTURE AND MASTER LEASE."

See also the following appendices attached hereto: APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025; APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE; APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASHINGTON COUNTY; APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX E—FORM OF OPINION OF BOND COUNSEL; APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM.

The Authority

The Authority is a nonprofit corporation created by the Board of Trustees of Hurricane Valley Fire Special Service District, Utah (the "District") pursuant to the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the "Building Authority Act") and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the "Nonprofit Corporation Act"). The Authority was created by the District for the purpose of financing projects on behalf of the District as provided in the Building Authority Act. For more complete information, see "THE AUTHORITY" herein.

The District

The Hurricane Valley Fire Special Service District was established by the County Commission of Washington County, Utah on December 18, 2007. The District provides emergency medical and fire protection services to the communities of Hurricane, Leeds, LaVerkin, Toquerville, Virgin, Rockville, Springdale and unincorporated areas of eastern Washington County, and is funded through property taxes, user fees and other revenues.

For additional information regarding the District, see "THE DISTRICT" herein and "APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025" and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION WASHINGTON COUNTY."

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* Preliminary; subject to change.

Authorization and Purpose of the Series 2026 Bonds

The Series 2026 Bonds are being issued pursuant to (i) the Building Authority Act; (ii) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Local Government Bonding Act"); (iii) a General Indenture of Trust dated as of August 1, 2026 (the "General Indenture"), as supplemented by a First Supplemental Indenture of Trust dated as of August 1, 2026 (the "First Supplemental Indenture," and together with the General Indenture, the "Indenture"), each by and between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"); and (iv) the authorizing resolution of the Authority adopted on June 11, 2026. The issuance of the Series 2026 Bonds and the execution and delivery of the hereinafter defined Lease and the Indenture were approved by the District pursuant to a resolution adopted by the Board of Trustees of the District (the "District Board of Trustees"), on June 11, 2026.

The Series 2026 Bonds are being issued to (i) finance all or a portion of the costs of the acquisition and construction of a new fire station near the Sand Hollow State Park in Hurricane City, Utah (the "Sand Hollow Station Project"); the acquisition and construction of a new station at Kolob Reservoir (the "Kolob Reservoir Station Project"); the design and engineering of the District's future "Neighborhood Station" concept (the "Neighborhood Station Project") and all related improvements (collectively, the "Series 2026 Project") and (ii) pay costs of issuance of the Series 2026 Bonds.

The Series 2026 Project will be leased by the Authority to the District pursuant to an annually renewable Master Lease Agreement dated as of August 1, 2026 (the "Lease"), between the Authority, as lessor, and the District, as lessee.

The properties on which the Series 2026 Project will be located (other than the Neighborhood Station Project) (the "Project Sites") are expected to be owned or leased by the District. The District will execute a ground lease to provide a leasehold interest in the Project Sites to the Authority pursuant to a Ground Lease Agreement dated as of August 1, 2026 (the "Ground Lease"), between the District, as lessee, and the Authority, as lessor.

The term of the Ground Lease will expire on August 15, 2051*; provided that the Ground Lease is subject to extension until August 15, 2056,* in the event of non-appropriation by the District or failure by the District to pay in full the cost of the improvements to the Project Site as provided in the Ground Lease. See "SECURITY FOR THE BONDS—Security Documents" herein.

To provide additional security to the Bondholders, the Authority will assign all its rights and interest in the Ground Lease to the Trustee pursuant to an Assignment of Ground Lease Agreement dated as of August 1, 2026 (the "Assignment of Ground Lease"). See "THE SERIES 2026 PROJECT" herein.

Initial Bonds; Additional Bonds

The Series 2026 Bonds are the initial Series of Bonds to be issued under the General Indenture. The Indenture permits the issuance of Additional Bonds secured on a parity with the Series 2026 Bonds, subject to certain conditions. The Series 2026 Bonds and any Additional Bonds issued under the Indenture are referred to collectively herein as the "Bonds." See "SECURITY FOR THE BONDS—Additional Bonds" and APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE herein.

Security for and Sources of Payment of the Bonds; Limited Obligations

The Series 2026 Bonds are issued under and are equally and ratably secured by the Indenture. Pursuant to the Indenture, the Authority has pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Lease, including its right to receive the Base Rentals (as defined below) under the Lease as security for the payment of the principal of, premium, if any, and interest on the Bonds (as hereinafter defined). In addition, the Authority has granted a security interest in the Series 2026 Project under a Leasehold Deed of Trust, Assignment of Rents and Security Agreement, dated as of August 1, 2026 ("Leasehold Deed of Trust"). The Leasehold Deed of

* Preliminary; subject to change.

Trust, the Assignment of Ground Lease, and any financing statements filed in connection therewith are sometimes collectively referred to herein as the "Security Documents." The Security Documents are being executed for the equal and proportionate benefit of the Bondowners. The Bonds are limited obligations of the Authority payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Bonds.

Under the Lease, the District has agreed to make payments in stated amounts which are sufficient to pay the principal of and the interest on the Bonds coming due in each year (collectively, the "Base Rentals") but only if and to the extent that the District Board of Trustees annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) under the Lease plus such additional amounts (the "Additional Rentals") as are necessary to operate and maintain the Series 2026 Project during such period. The Lease specifically provides that nothing therein shall be construed to require the District Board of Trustees to appropriate any money to pay any Base Rentals or Additional Rentals (collectively, the "Rentals") thereunder and that the District shall not be obligated to pay such Rentals except to the extent appropriated.

THE OBLIGATION OF THE DISTRICT TO PAY ANY RENTALS IS ANNUALLY RENEWABLE AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATIONS OF THE DISTRICT TO PAY RENTALS NOR THE OBLIGATION OF THE AUTHORITY TO PAY THE BONDS WILL CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2026 BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE DISTRICT TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE DISTRICT'S THEN CURRENT FISCAL YEAR. THE SERIES 2026 BONDS ARE NOT AN INDEBTEDNESS OR A LIABILITY OF THE DISTRICT OR THE STATE. THE AUTHORITY HAS NO TAXING POWER.

The Indenture and Security Documents create a lien on and a security interest in the Project for the benefit of the Registered Owners (as defined herein) of the Bonds. The Projects financed are cross-collateralized pursuant to the terms of the Indenture and Security Documents in that the District cannot elect to appropriate with respect to one or a portion of a Project and not appropriate with respect to other Projects or another portion of the Project without an Event of Nonappropriation occurring under the Lease.

Redemption

The Series 2026 Bonds are subject to optional, extraordinary, [and sinking fund] redemption prior to maturity as described herein. See "THE SERIES 2026 BONDS—Redemption" herein.

Registration, Denominations and Manner of Payment

The Series 2026 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial Owners of the Series 2026 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds.

Principal of and interest on the Series 2026 Bonds (interest payable February 15 and August 15 of each year, commencing February 15, 2027) are payable by Zions Bancorporation, National Association, as paying agent (the "Paying Agent"), to the registered owners of the Series 2026 Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest payments to its Participants, for subsequent disbursements to the Beneficial Owners of the Series 2026 Bonds, as described under "THE SERIES 2026 BONDS—Book-Entry Only System" herein.

Tax Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" in this Official Statement. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Series 2026 Bonds.

Public Sale/Electronic Bid

The Series 2026 Bonds will be awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on August 4, 2026, to the successful bidder(s) (the "Purchaser"), as set forth in the Official Notice of Bond Sale, dated July 21, 2026.

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

The Series 2026 Bonds are offered, subject to prior sale, when, as and if issued and received by the Purchaser subject to approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority, and certain other conditions. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the Authority. Certain legal matters will be passed on for the Authority and the District by Ruesch Reeve Werrett & Jones, PLLC, Hurricane City, Utah. Zions Public Finance, Inc. has acted as municipal advisor to the Authority in connection with the issuance of the Series 2026 Bonds. It is expected that the Series 2026 Bonds in book-entry form will be available for delivery for deposit with DTC or its agent on or about August 19, 2026.

Continuing Disclosure

The District will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Series 2026 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934. See "CONTINUING DISCLOSURE" and "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Basic Documentation

The "basic documentation," which includes the Indenture, the Lease, the Ground Lease, the Security Documents, and other documentation, authorizing the issuance of the Series 2026 Bonds and establishing the rights and responsibilities of the District, the Authority, and other parties to the transaction, may be obtained from the "contact persons" as indicated below.

Contact Persons

The chief contact person for the Authority and the District concerning the Series 2026 Bonds is:

Joseph Decker, Fire Chief
Hurricane Valley Fire Special Service District
202 East State Street
Hurricane, Utah 84737
(435) 635-9562
jdecker@hvfssd.org

The chief contact person for the Municipal Advisor concerning the Series 2026 Bonds is:

Mark K. Anderson, Vice President
Zions Public Finance, Inc.
One South Main Street, 18th Floor
Salt Lake City, Utah 84133
mark.anderson@zionsbancorp.com

THE SERIES 2026 BONDS

General

The Series 2026 Bonds are dated as of the date of their initial delivery, and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2026 Bonds will be payable semiannually on February 15 and August 15 of each year commencing February 15, 2027. The Series 2026 Bonds are issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

The Series 2026 Bonds shall bear interest at the rates and shall mature on the dates as described on the cover page hereof. Interest on the Series 2026 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Series 2026 Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof (initially DTC) as of the Record Date.

Redemption

Optional Redemption. The Series 2026 Bonds maturing on or prior to August 15, 20___, are not subject to redemption prior to maturity. The Series 2026 Bonds maturing on or after August 15, 20___, are subject to redemption prior to maturity at the option of the Authority in whole or in part on any date on and after August 15, 20___, and if in part, in such order of maturity as may be directed by the Authority at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed plus accrued interest to the date of redemption.

[Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on August 15, 20___, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund Date (August 15)	Principal Amount

* Final maturity date.

Upon redemption of any Series 2026 Bonds maturing on August 15, 20___, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the related Series 2026 Bonds, in such order as shall be directed by the Authority.]

Extraordinary Redemption. The Series 2026 Bonds shall be callable for redemption prior to maturity in whole on any date, if (i) the Series 2026 Project or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of the Series 2026 Project shall become apparent, or title to or the use of all or any material portion of the Series 2026 Project 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 or replacing such portion of the Series 2026 Project, and (iii) the District elects to discharge its obligation to repair and replace such portion of the Series 2026 Project 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 District with respect to the Series 2026 Project under the Lease shall terminate and the District shall have no further obligation for the payment of Base Rentals and Additional Rentals thereunder with respect to the Series 2026 Project, and possession of the Series 2026 Project, as well as all right, title and interest of the District and the Authority in any funds or accounts created under the Indenture with respect to the Series 2026 Project shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents for the Series 2026 Project may, subject to the limitations of the Indenture, be foreclosed and the Authority's interest in the Series 2026 Project 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 with respect to the Series 2026 Project (except moneys held in the Rebate Fund or for the payment of Series 2026 Bonds not then deemed outstanding), shall be applied by the Trustee to the redemption of the Series 2026 Bonds at the earliest date practicable. Any such redemption of the Series 2026 Bonds shall be made upon payment of all or a prorated portion of the principal amount thereof plus accrued interest thereon to the redemption date. IN THE EVENT THE SERIES 2026 BONDS ARE TO BE REDEEMED 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 BONDHOLDERS AGAINST THE AUTHORITY, THE DISTRICT OR THE TRUSTEE WITH RESPECT TO SAID SERIES 2026 BONDS. In the event there are moneys remaining in the Bond Fund after payment in full of all Series 2026 Bonds, the Trustee is authorized and directed to transfer said moneys to the District.

Notice and Effect of Redemption. Notice of redemption shall be mailed by first class mail, postage prepaid, to all Registered Owners of Series 2026 Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least 30 days but not more than 60 days prior to the date fixed for redemption. Such notice shall contain certain information set forth in the Indenture.

If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited and transmitted to the Registered Owners of said Bonds on the redemption date.

Partially Redeemed Series 2026 Bonds. In case any registered Series 2026 Bond shall be redeemed in part only, upon the presentation of such Series 2026 Bond for such partial redemption, the Authority shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Authority, a Series 2026 Bond or Series 2026 Bonds of the same interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Series 2026 Bond. A portion of any Bond of the authorized denomination of more than the authorized denomination to be redeemed will be in the principal amount of the authorized denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of the authorized denomination which is obtained by dividing the principal amount of such Bonds by the authorized denomination.

Book-Entry Only System

The Series 2026 Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026 Bonds. So long as such Series 2026 Bonds are held in the Book-Entry Only system, DTC or its nominee will be the registered owner or Holder of such Series 2026 Bonds for all purposes of the Indenture, the Series 2026 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2026 Bonds may be made in the denominations described above. For a description of the book-entry system for the Series 2026 Bonds, see "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM."

Registration, Transfer and Exchange

In the event that the book-entry only system has been terminated, the Series 2026 Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Bondowner or his duly authorized attorney, may be exchanged for an equal aggregate principal amount of Series 2026 Bonds of the same series, designation, interest rate, and maturity and of any other authorized denominations.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Series 2026 Bonds of any tax or other governmental charge which are required to be paid with respect to such exchange or transfer.

The Trustee shall not be required to transfer or exchange any Series 2026 Bonds (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Series 2026 Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Series 2026 Bond for redemption.

SECURITY FOR THE BONDS

General

The Bonds are not general obligations but are special, limited obligations of the Authority. The Bonds and the interest thereon are payable solely from, and are secured by a pledge of the Base Rentals, the Purchase Option Price, if paid by the District, and any other amounts derived by the Authority under the Lease and the Indenture, except to the extent payable from certain moneys held under the Indenture (excluding the Rebate Fund) and from the investment thereof, the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any. The Bonds and the interest thereon shall not constitute an indebtedness of the District within the meaning of any constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the District, nor shall any of the Bonds or interest thereon be a charge against the general credit or taxing powers of the District. Neither the District nor the Authority on its behalf has pledged the credit of the District to the payment of the Bonds, the interest thereon or amounts due, or to become due, under the Lease. The Authority has no taxing power.

Under the Lease, the District has agreed to pay Base Rentals in amounts and at times that are sufficient to pay principal of and interest on the Bonds coming due in each fiscal year, but only if and to the extent that the Board of Trustees annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term plus such Additional Rentals as are payable under the Master Lease during such period. The Lease specifically provides that nothing therein shall be construed to require the District to appropriate any moneys to pay the Base Rentals or Additional Rentals thereunder and the District shall not be obligated to pay such Rentals with respect to a Project unless such Project is substantially completed and only to the extent appropriated. Neither the issuance of the Series 2026 Bonds nor the execution and the delivery of the Lease directly or contingently obligates the District to pay any Base Rentals or Additional Rentals beyond those appropriated for the District's then current fiscal year. See "RISK FACTORS" herein.

Under the Lease, the District is entitled not to appropriate Rentals for the next succeeding Renewal Term with respect to all of the Projects, but it is not entitled to elect to appropriate with respect to less than all of the Projects. In other words, the District Board of Trustee's decision under the Lease whether to appropriate Rentals for each succeeding Renewal Term is "all or nothing."

Debt Service Reserve Fund

The Indenture creates a Debt Service Reserve Fund and provides that a separate account for each Series of Bonds may be established within the Debt Service Reserve Fund. The Indenture provides that moneys in the Debt

Service Reserve Fund shall at all times be maintained in a total aggregate principal amount of not less than the Debt Service Reserve Requirement for all Outstanding Series of Bonds.

There is no Debt Service Reserve Requirement for the Series 2026 Bonds, and no account will be established in the Debt Service Reserve Fund for the Series 2026 Bonds.

For additional information, see APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE."

Security Documents

In addition to a pledge of the Base Rentals, the Purchase Option Price, if paid by the District, and any other amounts derived by the Authority under the Lease and the Indenture, the Bonds will be secured by the Security Documents. The Security Documents consist of the Leasehold Deed of Trust, the Assignment of Ground Lease, and any financing statements filed in connection therewith.

The Project Sites are expected to be owned or leased by the District and will be ground-leased to the Authority pursuant to the Ground Lease. The term of the Ground Lease will expire on August 15, 2051,* provided that the Ground Lease is subject to extension until August 15, 2056,* in the event of non-appropriation by the District or failure by the District to pay in full the cost of the improvements to the Project Sites as provided in the Ground Lease. To provide additional security to the Bondholders, the Authority will assign all its rights and interest in the Ground Lease to the Trustee pursuant to the Assignment of Ground Lease. In addition, the Authority will encumber its leasehold interest in the Series 2026 Project to the Trustee pursuant to the Leasehold Deed of Trust.

Reference is hereby made to the actual Security Documents for a complete recital of their terms. During the period of the offering of the Series 2026 Bonds, copies of the Security Documents or their preliminary forms will be available at the office of the Municipal Advisor. Subsequent to the initial offering of the Series 2026 Bonds, copies of the Security Documents may be obtained from the Trustee. Under the Leasehold Deed of Trust, the Authority will irrevocably warrant, grant, transfer, convey and assign to the Trustee, in trust with power of sale, all of its right or leasehold right, title and interest in the Series 2026 Project, 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 with respect to the Bonds and the Indenture. The Leasehold Deed of Trust generally provides for the procedure by which the Trustee can foreclose the lien on the Series 2026 Project or sell the Authority's interest or leasehold interest in the Series 2026 Project to pay the Authority's payment obligations under the Bonds and the Indenture.

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

Cross-Collateralization

Pursuant to the Indenture and the Master Lease, the Authority has granted to the Trustee for the benefit of the owner of all of the Bonds issued and outstanding under the Indenture a mortgage lien on, and security interest in, all of the Authority's right, title and interest in and to each Project financed under the Indenture to the extent provided in the Indenture. The occurrence of an Event of Default under the Indenture (including and Event of Nonappropriation under the Master Lease) will entitle the Trustee to exercise its rights and remedies to the extent provided in the Indenture against any or all of such Projects in such manner and order as the Trustee determines to be in the best interests of the owners of the Bonds then outstanding. The Series 2026 Bonds are the initial series of Bonds under the Indenture and the Series 2026 Project is the only Project currently being financed under the Indenture.

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* Preliminary; subject to change.

Release of Portions of the Projects upon Payment of Related Series of Bonds

Pursuant to the Lease, the District has been granted the option of purchasing all or any of the Projects in advance of the final maturity of the Bonds. 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 Lease, a Project may be released from the lien created with respect to the related Series of Bonds and the Indenture and the Lease and transferred to the District if (i) the District shall deposit with the Trustee the Purchase Option Price for the related Project and (ii) if the interest payable on the related Series of Bonds is excludable 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 related Project will not adversely affect the excludability of interest on said Bonds from the federal gross income of the owners thereof.

Additional Bonds and Refunding Bonds

General. Pursuant to the Indenture, the Authority may issue additional Series of Bonds under the Indenture which shall be equally and ratably secured under the Indenture with the Series 2026 Bonds. Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee certain documents, certificates and opinions.

Refunding Bonds. 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 Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority. 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 satisfaction of the general conditions specified by the Indenture for authentication and delivery of Bonds and upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, a supplement or amendment (if necessary) to the Security Documents and the 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 District 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 any 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 Indenture;

(b) If any of the Bonds being refunded were intended to bear interest which is excludable from gross income, a written opinion of nationally recognized bond counsel, to the effect that the excludability from gross income of the interest on the Bonds being refunded, 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 this 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 and issued with respect to the Project financed by the Bonds or other obligations to be refunded, is at least equal to the aggregate principal amount of all Bonds to be Outstanding with respect to such Project following said refunding and naming the Trustee as an insured;

alternatively, the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(d) 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 (or a comparable provision of the documents authorizing the obligations to be refunded); or 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 90 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); 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 Indenture or the 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 hereof 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 Indenture shall be equally and ratably secured under the Indenture with the Series 2026 Bonds, and all other Series of Refunding Bonds and Additional Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

Additional Bonds. So long as the Lease is in effect and no Event of Default under the Indenture or the 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. The Additional Bonds may be issued in one or more Series, shall be authenticated and registered 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 satisfaction of the general conditions specified by the Indenture for authentication and delivery of Bonds and upon there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, additional Security Documents or 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 District 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 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 Indenture;

(b) 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 additional Security Documents or 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 hereunder 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 following 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 (except for costs of issuance relating to such Bonds);

(c) 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-Treasurer 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-2-301 of the Building Authority Act; and

(d) 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 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 hereof 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 Indenture shall be equally and ratably secured under the Indenture with the Series 2026 Bonds and all other Series of Additional Bonds and Refunding Bonds, if any, theretofore issued pursuant to the Indenture, without preference, priority or distinction of any Bonds over any other thereof.

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ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Series 2026 Bonds are shown below:

Sources of Funds

Par Amount of the Series 2026 Bonds	$__________
[Net] Reoffering Premium	__________
TOTAL	__________

Uses of Funds

Deposit to Construction Fund	$__________
Purchaser's discount	__________
Costs of Issuance[1]	__________
TOTAL	$__________

(1) Costs of issuance include Municipal Advisor, legal, rating agency, and Trustee fees and other costs and expenses related to the issuance of the Series 2026 Bonds.

THE SERIES 2026 PROJECT

Proceeds of the Series 2026 Bonds will be used to finance all or a portion of the costs of (i) the acquisition and construction of a new fire station near the Sand Hollow State Park in Hurricane City, Utah (the "Sand Hollow Station Project") and all related improvements (ii) the acquisition and construction of a new station at Kolob Reservoir (the "Kolob Reservoir Station Project"), and all related improvements; and (iii) the design and engineering of the District's future "Neighborhood Station" concept (the "Neighborhood Station Project").

The Sand Hollow Station Project consists of the construction of a new Headquarters Station at Sand Hollow State Park, located in Hurricane, Utah. This facility will centralize administrative operations, bringing District leadership, support staff, and essential functions together at one location. The station will also serve as a fully operational fire and EMS response facility, strategically positioned to improve emergency response capabilities in one of the fastest-growing areas of the District. The estimated cost of the Sand Hollow Station Project is approximately $18,000,000. Construction contracts have not yet been awarded, but construction on the Sand Hollow Station Project is expected to begin in September 2026 and be completed by March 1, 2028.

The Kolob Reservoir Station Project consists of the construction of a new station at Kolob Reservoir, located in one of the most remote and geographically challenging areas within the District in unincorporated Washington County, Utah. The Kolob Reservoir is a water reservoir that is also used as a recreation area. This facility will improve response times to residents, visitors, and recreational users while providing year-round emergency coverage in an area that is currently underserved. The station will additionally house a remote substation for the Washington County Sheriff's Office, enhancing public safety through increased interagency cooperation and a permanent law enforcement presence in the area. The estimated cost of the Kolob Reservoir Station Project is approximately $3,500,000. Construction contracts have not yet been awarded. Construction on the Kolob Reservoir Station Project is expected to begin in March of 2027 and be completed by March of 2029.

The Project Sites are currently owned by the Washington County Water Conservancy District ("WCWCD"). It is expected that WCWCD will transfer a property interest in the Project Sites to the District either in the form of a fee simple title or a leasehold interest that is expected to contain a term in excess of the latest final maturity for the Series 2026 Bonds (the "WCWCD Conveyance"). The WCWCD Conveyance of the Project Sites is expected to be subject to an encumbrance regarding compliance with certain environmental standards. With the exception of costs of issuance, proceeds of the Series 2026 Bonds will be retained in escrow and will not be disbursed to pay costs of the Series 2026 Projects until such time that the WCWCD Conveyance is completed and the District receives title policies with respect to the Project Sites. See "RISK FACTORS – Project Sites" herein.

In addition, proceeds from the Series 2026 Bonds will fund the design and engineering of the District's future "Neighborhood Station" concept. These plans will establish a standardized, cost-effective station model that can be replicated throughout the District as growth continues. The estimated cost of the Neighborhood Station Project is approximately $500,000 and the District expects such project to be completed by May of 2027. No collateral assignment for the benefit of bondholders is anticipated for the Neighborhood Station Project.

In addition to proceeds from the Series 2026 Bonds, the District has previously contributed approximately $1 million to the Series 2026 Project for certain design, engineering and site preparation costs.

DEBT SERVICE SCHEDULE ON THE SERIES 2026 BONDS

The following table sets forth the fiscal year debt service schedule for the Series 2026 Bonds.

Fiscal Year	Principal*	Interest	Fiscal Year Total
2027	$475,000		
2028	485,000		
2029	510,000		
2030	535,000		
2031	560,000		
2032	590,000		
2033	620,000		
2034	650,000		
2035	685,000		
2036	720,000		
2037	755,000		
2038	790,000		
2039	830,000		
2040	870,000		
2041	905,000		
2042	945,000		
2043	980,000		
2044	1,020,000		
2045	1,060,000		
2046	1,105,000		
2047	1,155,000		
2048	1,205,000		
2049	1,260,000		
2050	1,315,000		
2051	1,370,000		
TOTAL	$21,395,000*		

* Preliminary; subject to change.
(Source: The Municipal Advisor.)

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THE AUTHORITY

Establishment

The District Board of Trustees authorized and directed the creation of the Authority on May 14, 2026, as a non-profit corporation under the provisions of the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended and the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended.

The Authority is to be of perpetual duration as set forth in its articles of incorporation. The Authority has no full-time employees or other personnel other than the members of its governing body. The Authority has no property, money or other assets, except for those which are to be acquired with the proceeds of, and pledged to the payment of, its bonds. The principal place of business and office of the Authority is located at 202 East State Street, Hurricane, Utah, 84737.

Corporate Powers

The Authority has been incorporated for the purpose of acquiring, improving or extending one or more "projects" (as defined in the Building Authority Act) and financing their costs on behalf of the District 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 District 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 of Utah. The Authority may not, however, undertake any of the activities provided for in its articles of incorporation without prior authorization therefor by the District Board of Trustees. The Authority has been organized as a non-profit 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 provisions 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 forthwith transferred to the District.

Statutory Powers

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, possess or hold or which has or may come into its possession or ownership by any lawful means, including, but not limited to purchase, lease, rental, sale, contract, exchange, devise, bequest, gift, condemnation, donation, construction or operation of law, 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 District with respect to projects which the Authority has acquired, improved or extended or will acquire, improve or extend on behalf of the District; (iii) issue and sell its bonds for the purpose of paying the cost of acquiring, improving or extending a project; and (iv) perform such other acts as enumerated in the 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 bylaws of the Authority, the affairs of the Authority are managed by a board of trustees (the "Authority Board of Trustees"). The Authority Board of Trustees consists of all members (the "Board Members") of the District Board of Trustees as may from time to time serve. Each Board Member serves on the Authority Board of Trustees until death, incapacity or removal from the District Board of Trustees. Whenever a member of the District

Board of Trustees ceases to be a member of the District Board of Trustees, such member's successor, upon election and qualifying for office, thereupon becomes a member of the Authority Board of Trustees.

The bylaws further provide for election of officers by the Authority Board of Trustees. The current members of the Authority Board of Trustees and the officers are set forth at the front of this Official Statement. For additional information regarding the Board Members and the officers, see "THE DISTRICT—Form of Government" below.

THE DISTRICT

General Information

The Hurricane Valley Fire Special Service District was established by the County Commission of Washington County, Utah on December 18, 2007, pursuant to the provisions of Section 17D-1-101 *et. seq.*, Utah Code. The District provides emergency medical and fire protection services to unincorporated areas in eastern Washington County, Utah, including natural attractions such as Zion National Park, and the communities of Hurricane, LaVerkin, Leeds, Rockville, Springdale, Toquerville, and Virgin. The District currently has seven fire stations; two are located in Hurricane, and additional stations are located in La Verkin, Virgin, Leeds and Springdale. The District also shares a third station in Hurricane with Washington City. Proceeds from the Series 2026 Bonds will be used to build two additional fire stations, one near Sand Hollow State Park and one at Kolob Reservoir. See "THE SERIES 2026 PROJECT" herein.

The District 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 District also has the ability to levy and collect property taxes for any lawful purpose. For the 2025 tax year, the District's property tax levy was 0.000996 and for the 2026 tax year, the property tax levy is 0.000911. Beginning April 1, 2026, the District began collecting a 0.33% sales and use tax on retail sales within the municipalities served by the District. Because the District expects sales tax revenues to substantially increase its revenues, it lowered its property tax levy.

Form of Government

The District is governed by a board of trustees composed of eight members who represent the service area of the District. The day-to-day operation and administration of the District is managed by the Fire Chief. The Board Members are appointed by each of the communities in the District's service area and an additional Board Member is appointed by Washington County. The District Board of Trustees must approve and may revise the annual (fiscal year) budget for the District. The District Board of Trustees serves as the legislative body of the District and appropriates funds for the various District functions. Other District officials include the Fire Chief, Deputy Fire Chiefs, Treasurer, and District Clerk.

Current members of the District Board of Trustees and other officers of the District and their respective terms in office are as follows:

Name	Office	District Area	Years of Service[1]	Expiration of Term
LaRene Cox	Board Member, Chair	County	6	December 2029
Todd Sands	Board Member, Vice Chair	Toquerville	1	December 2030
Randy Aton	Board Member	Springdale	8	December 2028
Dave Imlay	Board Member	Hurricane	1	December 2030
Paul Luwe	Board Member	Virgin	4	December 2028
Scot Pectol	Board Member	La Verkin	1	December 2030
Wayne Peterson	Board Member	Leeds	5	December 2030
Robin Smith	Board Member	Rockville	3	December 2029
Joe Decker	Chief	–	29	–
Kohl Furley	Deputy Chief	–	22	–
Nick Wright	Deputy Chief	–	22	–
Megan Ayala	Director of Human Resources/Treasurer	–	6	–
Melinda Falaniko	District Clerk	–	1	–

(1) Years of service have been rounded up.

Employee Workforce and Retirement Plan

The District employs approximately 79 full-time employees and 14 part-time employees and 7 seasonal/temporary employees for a total of 100 employees. The District is a member of the Utah Retirement Systems ("URS"), which provides and administers deferred and defined compensation plans. For information regarding the District's participation in URS, see APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025—Notes to the Financial Statements—Note 8. Pension Plans." The District does not offer any other post-employment benefits.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, property damage, destruction of assets, errors, omissions, injuries, and natural disasters. The District and its property are insured through Bringhurst-Leavitt Insurance Agency, Inc. The District is subject to a minimal deductible for claims. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Investment of Funds

Investment of Operating Funds: *The Utah Money Management Act*. The Utah Money Management Act, Title 51, Chapter 7, Utah Code (the "MM Act") governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying "top credit ratings." The MM Act also provides for pre-qualification of broker dealers requiring that broker dealers must agree in writing to comply with the MM Act and certify that they have read and understand the MM Act. The MM Act establishes the Money Management Council (the "MM Council") to exercise oversight of public deposits and investments. The law requires all securities to be delivered via payment to the treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. The MM Act limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% of an investment portfolio depending on the amount in such portfolio. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The MM Act also defines the State's prudent investor rules. The MM 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 District is currently complying with all of the provisions of the MM Act for all District operating funds. A significant portion of the District's funds are invested in the Utah Public Treasurers' Investment Fund ("PTIF"), as discussed herein.

The Utah Public Treasurers' Investment Fund. The PTIF is a public treasurers' investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return on short-term investments. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safe-keeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests primarily in money market securities including time certificates of deposit, top rated commercial paper, treasuries and securities of certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasures' safekeeping bank. Securities owned by the PTIF are 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.

Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated "first tier" ("A1," "P1," for short-term investments and "A" or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody's or S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate. The PTIF itself is not rated.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor.

DEBT STRUCTURE OF THE AUTHORITY AND THE DISTRICT

Authority Obligations (as of July 1, 2026)

OUTSTANDING LEASE REVENUE BONDS

Series	Purpose	Original Amount	Final Maturity Date	Principal Amount Outstanding
2026[(1)]	Fire Stations	$21,395,000*	August 15, 2051*	$21,395,000*

(1) Assumes that the Series 2026 Bonds are issued and outstanding.
* Preliminary; subject to change.

District Obligations

While the District has no outstanding bonds, it has purchased public safety vehicles and equipment through financed purchase agreements which as of December 31, 2025, are outstanding in total aggregate principal amount of $3,677,514. Interest rates on these agreements range from 2.48% to 4.99% and mature from January 15, 2026, to

March 1, 2048. See "APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025—Notes to the Financial Statements—Note 6. Long-Term Liabilities–Governmental Activities-Financed Purchases from Direct Borrowings." In addition, in June 2026 the District purchased six fully equipped ambulances through an equipment lease agreement in the total amount of $3,612,158, with an annual interest rate of 4.54%, and annual payments of approximately $457,399 from June 17, 2027 through June 17, 2036.

Future Financing Plans

The District and the Authority currently do not anticipate issuing any Additional Bonds under the Indenture in the next three years. The District reserves the right to issue other bonds as its capital needs require.

No Defaulted Bonds

The District has never failed to pay principal and interest when due on its outstanding bonded indebtedness or other obligations nor has it failed to appropriate sufficient moneys to pay any lease obligations.

Outstanding General Obligation Bonds

The District has no general obligation bonds outstanding.

Debt Authorization and Limit

Pursuant to the provisions of Article XIV, Section 3, of the Utah Constitution, the District may incur general obligation indebtedness only upon the approval of a majority of the qualified electors within the District voting on a proposition to incur such indebtedness.

Under Utah Code, the general obligation indebtedness of the District is limited to an amount not exceeding 12% of the value of taxable property in the District as shown in the last assessment for District purposes. Based upon the District's 2025 total estimated fair market value of $10,238,625,564 (total fair market value of property in the amount of $10,213,132,697 plus the estimated motor vehicle values for 2025 of $25,492,867, as permitted by State law) the general obligation debt limits of the District are shown below:

Debt Limit	$1,228,635,068
Less Outstanding General Obligation Bonds	0
Debt Margin	$1,228,635,068

Computation of Overlapping General Obligation Debt

Name of Overlapping Governmental Unit[1]	GO Debt Outstanding	Approximate Percentage Applicable to the District	District's Share of GO Debt
Washington County School District	$132,760,000	1.8%	$23,896,800
TOTAL:			$23,896,800

(1) 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.

(Sources: Official statements and other continuing disclosure reports of the listed entities (as to outstanding debt).)

Debt Ratios

The State of Utah general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation bonds.

	To 2025 Taxable Value[(2)]	To Estimated Fair Market Value[(3)]	Per Capita[(4)]
Direct General Obligation Debt[(1)]	–	–	–
Direct and Overlapping General Obligation Debt	0.0031	0.0023	$493

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(1) The District has no outstanding general obligation debt.
(2) Based on the District's total 2025 taxable value of $7,654,367,339.
(3) Based on the 2025 fair market value of $10,213,132,697.
(4) Based on estimated population in the District of 48,500.

FINANCIAL INFORMATION REGARDING THE DISTRICT

Fund Structure; Accounting Basis

The accounting policies of the District conform to all generally accepted accounting principles for governmental units in general and the District in particular.

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenditures or expenses. The various funds are grouped as governmental funds in the combined financial statements. See "APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025—Notes to Basic Financial Statements—Note A–Summary of Significant Accounting Policies" herein.

Revenues and expenditures are recognized using the modified accrual basis of accounting in all governmental funds. 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.

Budget and Appropriation Process

The budget and appropriation process of the District is governed by Title 17B, Chapter 1, Part 6, Utah Code, titled "Fiscal Procedures for Special Districts" (the "Fiscal Procedures Act"). Pursuant to the Fiscal Procedures Act, the budget officer of the District is required to prepare budgets for the general fund, special revenue funds, debt service funds and capital project 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.

On or before the first regular meeting of the District Board of Trustees in November of each year, the budget officer is required to submit to the District Board of Trustees tentative budgets for all funds for the fiscal year commencing January 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget is then tentatively adopted by the District Board of Trustees, with any amendments or revisions that the District Board of Trustees deems advisable prior to a public hearing on the budget. After public notice and hearing, the tentative budget is adopted by the District Board of Trustees, subject to further amendment or revisions by the District Board of Trustees prior to adoption of the final budget.

Prior to the beginning of the fiscal year, the final budgets for all funds are adopted by the District Board of Trustees. The Fiscal Procedures Act prohibits the District Board of Trustees 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 District Board of Trustees during the fiscal year. However, in order to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the District Board of Trustees for the succeeding tax year.

Financial Controls

The District utilizes a computerized financial accounting system which includes a system of budgetary controls. State law requires budgets to be controlled by individual departments. The District has also empowered the District Treasurer 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 District Treasurer checks for sufficient funds prior to the purchase order being issued and again before the payment check is issued.

Sources of General Fund Revenues

Set forth below are brief descriptions of the various sources of revenues available to the District's general fund. The percentage of total general fund revenues represented by each source is based on the District's fiscal year period ended December 31, 2025.

Property Taxes—Approximately 56% of the general fund revenues are from property taxes.

Charges for services—Approximately 38% of general fund revenues are from charges for services.

Contributions from other governments—Approximately 5% of general fund revenues are from contributions from other governments.

Grants, Interest Income, and Other—Less than 1% of general fund revenues are from miscellaneous revenues.

The District also notes that beginning April 1, 2026, it enacted a 0.33% sales and use tax on all retail sales occurring within the municipalities served by the District. Based on collections received for April 2026 (the first full month of collections), the District estimates it will receive approximately $3.8 million annually from this new revenue source. While the legislation enabling this sales and use tax levy provides that the levy will terminate after ten years, the District may re-authorize the levy prior to termination. See "FINANCIAL INFORMATION REGARDING THE DISTRICT—Information relating to Sales and Use Taxes Received by the District" below.

Five-Year Financial Summaries

The summaries contained herein were extracted from the District's audited basic financial statements fiscal years ended December 31, 2021 through December 31, 2025 statements. The summaries have not been audited. See "APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025" herein.

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
Statement of Net Position
Governmental Activities
(This summary has not been audited.)

	Fiscal Year Ended December 31,				
	2025	2024	2023	2022	2021
Assets					
Cash & cash equivalents	$3,175,764	$2,852,689	$4,063,284	$6,449,743	$7,279,651
Receivables:					
Accounts, net	620,734	1,024,583	920,259	605,748	827,026
Property taxes	1,976,633	1,106,006	708,115	459,093	482,991
Intergovernmental	172,247	402,055	141,622	259,914	252,923
Prepaid expense	245,962	257,225	184,669	158,040	119,328
Restricted cash & cash equivalents	3,892,880	3,430,688	2,818,401	2,229,509	1,754,720
Capital assets not being depreciated	355,452	486,903	284,202	384,202	1,335,122
Capital assets, net of depreciation	5,463,966	5,323,758	5,843,957	6,038,869	4,600,016
Net pension asset	384,752	483,847	511,999	1,132,101	459,870
Total Assets	16,288,390	15,367,754	15,476,508	17,717,219	17,111,647
Deferred Outflows of Resources					
Pension related	1,658,404	1,517,281	1,038,949	755,849	453,705
Total Assets & Deferred Outflows of Resources	17,946,794	16,885,035	16,515,457	18,473,068	17,565,352
Liabilities					
Accounts payable	134,438	294,464	101,356	461,103	121,525
Accrued liabilities	264,142	216,194	197,203	188,290	102,559
Accrued interest payable	91,213	101,743	116,211	88,973	68,038
Noncurrent liabilities:					
Due within one year	618,017	585,431	653,755	572,146	361,768
Due in more than one year	3,681,760	3,982,825	4,112,930	4,144,836	2,988,267
Net pension liability	418,316	357,569	128,234	–	51,192
Total liabilities	5,207,886	5,538,226	5,309,689	5,455,348	3,693,349
Deferred Inflows of Resources					
Deferred inflows related to pensions	128,228	115,405	118,783	893,257	395,384
Net Position					
Net investment in capital assets	2,141,904	1,742,742	1,514,830	1,822,421	2,666,165
Restricted for impact fees	3,892,880	3,430,688	2,818,401	2,229,509	1,754,720
Unrestricted	6,575,896	6,057,974	6,753,754	8,072,533	9,055,734
Total net position	12,610,680	11,231,404	11,086,985	12,124,463	13,476,619
Total Liabilities, Deferred Inflows & Net Position	$17,946,794	$16,885,035	$16,515,457	$18,473,068	$17,565,352

(Source: Information extracted from the District's 2021-2025 audited basic financial statements. This summary itself is unaudited.)

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
Balance Sheet
Governmental Funds – General Fund
(This summary has not been audited.)

	Fiscal Year Ended December 31,				
	2025	2024	2023	2022	2021
Assets					
Cash & cash equivalents	$2,468,237	$2,632,544	$3,843,139	$6,025,484	$7,279,651
Receivables:					
Accounts, net	620,734	1,024,583	920,259	605,748	827,026
Property taxes	1,976,633	1,106,006	708,115	459,093	482,991
Intergovernmental	172,247	402,055	141,622	246,724	252,923
Due from other funds	–	–	–	–	337,602
Prepaid expense	102,486	113,749	54,343	51,627	36,827
Total assets	$5,340,337	$5,278,937	$5,667,478	$7,388,676	$9,217,020
Liabilities					
Accounts payable	131,018	92,393	101,356	461,103	117,724
Construction bonds held	264,142	216,194	197,203	188,290	102,559
Total liabilities	395,160	308,587	298,559	649,393	220,283
Deferred Inflows of Resources					
Unavailable revenue	160,944	586,456	549,843	615,307	642,998
Fund Balance					
Nonspendable-Prepaid expense	102,486	113,749	54,343	51,627	36,827
Unassigned	4,681,747	4,270,145	4,764,733	6,072,349	8,316,912
Total fund balance	4,784,233	4,383,894	4,819,076	6,123,976	8,353,739
Total Liabilities, Deferred Inflows, & Fund Balances	$5,340,337	$5,278,937	$5,667,478	$7,388,676	$9,217,020

(Source: Information extracted from the District's 2021-2025 audited basic financial statements. This summary itself is unaudited.)

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds–General Fund
(This summary has not been audited.)

	Fiscal Year Ended December 31,				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	$7,624,754	$4,918,941	$4,636,427	$4,314,983	$4,011,159
Charges for services	5,138,903	4,223,533	2,675,244	2,224,776	2,551,986
Contributions from other governments	619,823	657,769	618,403	855,688	633,454
Grants	9,037	21,937	21,799	7,019	130,556
Interest income	26,484	5,432	97,217	55,868	14,750
Other income	15,487	48,380	8,638	124,025	–
Total Revenues	13,434,488	9,875,992	8,057,728	7,582,359	7,341,905
Expenditures					
Fire & emergency medical operations	11,857,361	9,963,256	9,230,405	9,574,700	6,016,909
Debt service:					
Principal	151,645	311,019	219,972	213,322	239,462
Interest	25,143	36,899	18,251	24,100	23,331
Total Expenditures	12,034,149	10,311,174	9,468,628	9,812,122	6,279,702
Excess (Deficiency) of Revenues/Expenditures	1,400,339	(435,182)	(1,410,900)	(2,229,763)	1,062,203
Other Financing Sources (Uses)					
Issuance of debt	–	–	100,000	–	–
Proceeds from sale of assets	–	–	6,000	–	–
Transfers out	(1,000,000)	–	–	–	–
Total Other Financing Sources	(1,000,000)	–	106,000	–	–
Net Change in Fund Balance	400,339	(435,182)	(1,304,900)	(2,229,763)	1,062,203
Fund Balance, Beginning	4,383,894	4,819,076	6,123,976	8,353,739	6,997,684
Prior period adjustment[(1)]	–	–	–	–	293,852
Fund Balance, Ending	$4,784,233	$4,383,894	$4,819,076	$6,123,976	$8,353,739

(Source: Information extracted from the District's 2021-2025 audited basic financial statements. This summary itself is unaudited.)

[(1)] In fiscal year 2021, it was determined that certain prior year intergovernmental receivables were not recorded in the General Fund and certain prior year revenues and prepaids were erroneously recorded in the General Fund instead of the Impact Fees Fund. To correct these errors, the beginning fund balances of the General Fund and of the Impact Fees Fund were adjusted and the prior period adjustment reflects the net change of these adjustments.

Additional Information

For additional information with respect to the District and its finances see "DEBT STRUCTURE OF THE AUTHORITY AND THE DISTRICT," "APPENDIX A—HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025" and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASHINGTON COUNTY."

Information relating to Sales and Use Taxes Received by the District

Title 59, Chapter 12, Part 24, Utah Code (the "Emergency Services Tax Act") provides that a qualifying political subdivision of the State that provides emergency services may levy a sales and use tax of up to 0.33%, without an election and of up to 1% with an election, on the purchase price of taxable goods and services. The legislative intent of the Emergency Services Tax Act is to provide qualifying political subdivisions with an added source of revenue to assist them in meeting their financial needs and servicing their bonded indebtedness. The sales and use tax imposed by the District is imposed in each municipality within the service area of the District. The District began levying the sales and use tax in April of 2026 and levies the local sales and use tax at the rate of 0.33%. The District has not yet sought an election to increase the sales and use tax up to the 1% maximum. A tax levied pursuant to the Emergency Services Tax Act is effective for a period of 10 years but may be reauthorized at the end of the 10-year period.

Sales and use taxes are collected by the Utah State Tax Commission and distributed monthly to each qualifying political subdivision. The distributions are based on the point of sale. The distribution method and other provisions of the Emergency Services Tax Act are subject to legislative changes.

Under the Emergency Services Tax Act, sales taxes are imposed on the amount paid or charged for sales of tangible personal property in the State and for services rendered in the State for the repair, renovation or installation of tangible personal property. A use tax is imposed on the amount paid or charged for the use, storage or other consumption of tangible personal property in the State, including services for the repair, renovation or installation of such tangible personal property. Sales and use taxes also apply to leases and rentals of tangible personal property if the tangible personal property is in the State, the lessee takes possession in the State, or the tangible personal property is stored, used or otherwise consumed in the State. Certain goods and services are exempt from the sales and use tax imposed pursuant to the Emergency Services Tax Act, construction materials for political subdivisions, parts for aircraft operated by a common carrier and unprepared food items.

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

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 District. As described herein, the Series 2026 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the District or the Authority. See "RISK FACTORS" below.

The Property Tax Act, Title 59, Chapter 2, Utah Code Annotated 1953, as amended (the "Property Tax Act"), provides that all taxable property within the taxing entity is required to be assessed and taxed at a uniform and equal rate on the basis of 100% 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." Determinations of "fair market value" shall take into account the current zoning laws applicable to the property in question. Section 2 of Article XIII of the Utah Constitution provides that the Utah Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the Utah Legislature has provided that the "fair market value" of primary residential property shall be reduced by 45% for tax years 1995 and thereafter. No more than one acre of land per residential unit may qualify for the residential exemption.

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, but excluding a telecommunications service provider) properties, (iii) airline operating properties, (iv) geothermal properties and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. 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. Each county assessor 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.

Many areas within the State have agricultural farmland devoted to the raising of useful plants and animals. For general property tax purposes, agricultural land is assessed based on statutory requirements and the value which the land has for agricultural use or on its agricultural value.

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 either the age or 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 14,001 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 14,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger-type vehicles and ranges from $7.75 to $150, depending on the age of the vehicle. Recreational vehicles, motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are also subject to an aged-based fee that ranges from $10 to $700, depending on the age of the vehicle. 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 tax is distributed.

Tax Levy and Collection

The State Tax Commission must assess all centrally-assessed property by May 1 of each year and shall immediately notify the owners or operators of such property, and the county assessors, of such assessment. County assessors must assess all taxable property other than centrally-assessed property before May 22 of each year. Before May 25 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 final tax rate before June 22, except as described below for rates in excess of the certified tax rate. County auditors must forward to the State Tax Commission a statement prepared by the governing body of each taxing entity showing the amount and purpose of each levy.

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 level permitted by law, must notify the taxing entity that the rate has been lowered, and must 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 must mail 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. Not later than 30 days following the mailing of the notice, taxpayers owning property assessed by the county assessors may file an application with the appropriate county board of equalization for the purpose of contesting the assessed valuation of their property. The county boards of equalization must render a decision on each appeal no later than October 1 (with extensions requiring State Tax Commission approval). Such decisions may be appealed to the State Tax Commission, which must decide all appeals by March 1 of the following year. Owners of centrally assessed property, 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, may apply to the State Tax Commission for a hearing to contest the assessment of centrally-assessed property. A county may also contest the assessment under specified conditions. The State Tax Commission must render a written decision no later than 120 days following completion of the hearing and submission of all post-hearing briefs. The county auditors must make a record of all changes, corrections and orders and, before November 1, must deliver the corrected assessment rolls to their respective county treasurers. By November 1, the county treasurers are to furnish to each taxpayer a notice containing 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 that the property is subject to a detailed review. Taxes are due November 30, or, if a Saturday, Sunday, or holiday, the next business day following.

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 the State and each taxing entity within the county its proportionate share of the taxes, on the tenth day of each month. Delinquent taxes are subject to a penalty of 2% of the amount of the taxes or $10.00, whichever is greater. Unless the delinquent taxes and penalty are paid before January 16 of the following year, the amount of delinquent taxes and penalty bears interest at the federal discount rate in effect on January 1, plus 6% from January 1 until paid. If after four years (March 15 of the fifth year after assessment) delinquent taxes have not been paid, the affected county may advertise and sell the property at a tax sale.

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 ordinance, only after holding a public hearing. Notice of the public hearing must be mailed by July 22 to all owners of real estate and, in most cases, must be advertised by publication. Generally, the certified tax rate for a taxing entity is the rate necessary to generate the same property tax revenue that the taxing entity collected for the prior year, exclusive of collections from redemptions, interest and penalties. 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 or any other adjustments. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. If a resolution levying a tax in excess of the certified tax rate is not forwarded to the county auditor by August 17, the county auditor must forward the certified tax rate to the State Tax Commission. The final tax notice is then mailed by November 1.

Taxable and Fair Market Value of Property in the District

Year	Taxable Value[1]	% Change Over Prior Year	Fair Market Value[2]	% Change Over Prior Year
2025	$7,654,367,339	11.41%	$10,213,132,697	10.46%
2024	6,870,336,885	5.95	9,245,671,144	4.60
2023	6,484,386,044	13.86	8,838,767,179	12.69
2022	5,695,140,157	43.31	7,843,215,065	43.68
2021	3,973,909,013	19.77	5,458,909,060	20.63
2020	3,317,883,835	28.69	4,525,412,253	25.48
2019	2,578,203,983	17.73	3,606,579,699	17.94
2018	2,189,837,888	15.38	3,057,876,552	15.43
2017	1,897,890,181	11.23	2,649,007,805	12.16
2016	1,706,206,873	–	2,361,751,645	–

(1) Includes taxable value of all taxable real property in the District (does not include motor vehicle values).

(2) Includes taxable value of all taxable real property in the District, less 45% "haircut" on primary residential property as permitted by State law. See "–Certain Property Tax Matters" above.

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

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Historical Summaries of Taxable Values of Property in the District

	% of total	2025	2024	2023	2022	2021
Real Property - Land						
Primary Residential	10.86	$831,566,725	$772,589,730	$709,852,084	$585,607,000	$389,388,285
Secondary Residential	6.13	468,858,400	424,459,300	390,487,200	309,735,100	205,131,900
Commercial & Industrial	6.28	480,707,700	371,133,400	285,809,900	229,686,300	152,175,900
FAA	0.03	2,384,927	2,241,266	2,053,646	2,122,393	2,161,764
Unimproved Non FAA - Vacant	14.69	1,124,209,466	971,582,364	846,367,256	620,096,449	427,790,201
Total Real Property - Land	37.99	**2,907,727,218**	**2,542,006,060**	**2,234,570,086**	**1,747,247,242**	**1,176,648,050**
Real Property - Buildings						
Primary Residential	29.93	2,291,092,194	2,125,867,975	2,163,022,322	2,035,089,276	1,420,906,575
Secondary Residential	16.86	1,290,354,730	1,150,713,900	1,126,759,000	1,036,239,500	678,415,700
Commercial & Industrial	11.15	853,162,925	759,417,600	687,592,800	633,916,400	479,393,150
Agricultural	0.07	5,118,600	4,237,400	4,793,600	4,766,000	3,306,100
Total Real Property - Buildings	58.00	**4,439,728,449**	**4,040,236,875**	**3,982,167,722**	**3,710,011,176**	**2,582,021,525**
Total Real Property	95.99	**7,347,455,667**	**6,582,242,935**	**6,216,737,808**	**5,457,258,418**	**3,758,669,575**
Personal Property						
Primary Mobile Homes	0.06	4,720,963	4,728,612	4,702,537	4,728,612	4,705,198
Secondary Mobile Homes	0.00	61,806	61,806	58,233	61,806	61,806
Other Business Personal Property	2.74	209,539,250	198,865,534	184,938,900	139,618,362	123,231,343
Total Personal Property	2.80	**214,322,019**	**203,655,952**	**189,699,670**	**144,408,780**	**127,998,347**
Centrally Assessed Value	1.21	**92,589,653**	**84,437,998**	**77,948,566**	**93,472,959**	**87,241,091**
Total Taxable Value	100.00	**7,654,367,339**	**6,870,336,885**	**6,484,386,044**	**5,695,140,157**	**3,973,909,013**
Motor Vehicle Value Estimate		25,492,867	17,399,400	16,787,933	15,698,400	16,495,000
Total Taxable Value with MVVE		7,679,860,206	6,887,736,285	6,501,173,977	5,710,838,557	3,990,404,013

(Source: Utah State Tax Commission.)

Property Tax Levies and Collections

The following table provides a summary of the property tax levies and collections for the District's general fund for the years shown. The District's property tax levy for 2025 was 0.000996 and for the 2026 tax year is 0.000911.

Tax Year Ended Dec. 31	Taxes Levied	Treasurer's Relief (1)	Taxes Collected In Levy Year	Percentage of Levy	Other Collections(2)	Total Collections
2025	$7,560,096	$641,410	$6,918,686	91.52%	$689,140	$7,607,826
2024	4,801,551	435,866	4,365,685	90.92	552,605	4,918,290
2023	4,511,960	360,240	4,151,720	92.02	483,407	4,635,127
2022	4,151,896	298,844	3,853,052	92.80	456,109	4,309,161
2021	3,812,102	260,708	3,551,394	93.16	446,756	3,998,150
2020	3,603,553	274,049	3,329,504	92.40	410,750	3,740,254
2019	3,021,842	209,836	2,812,006	93.06	410,870	3,222,876
2018	2,825,234	240,738	2,584,496	91.48	380,484	2,964,980
2017	2,640,094	145,372	2,494,722	94.49	285,442	2,780,164
2016	1,560,123	102,069	1,458,054	93.46	193,897	1,651,951

(1) Includes unpaid taxes, abatements, and other relief.
(2) Includes fee-in-lieu payments, miscellaneous collections, and payments of prior years' taxes, interest, and penalties.

(Source: Utah State Tax Commission.)

RISK FACTORS

THE PURCHASE OF THE SERIES 2026 BONDS BEING OFFERED HEREBY INVOLVES CERTAIN INVESTMENT RISKS THAT ARE DISCUSSED THROUGHOUT THIS OFFICIAL STATEMENT. ACCORDINGLY, EACH PROSPECTIVE PURCHASER OF THE SERIES 2026 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.

Non-Appropriation

Base Rentals and Additional Rentals (sometimes collectively referred to herein as "Rentals") will be payable solely from District funds (as defined in the Master Lease) which are annually budgeted and appropriated by the District Board of Trustees of the District and which may be terminated by action of the District Board of Trustees. There is no assurance that the Lease will be renewed for all of its anticipated Renewal Terms. The District Board of Trustees is under no obligation to provide District funds for such renewals. The District's obligation under the Lease does not constitute a general obligation or other indebtedness of the District or the State of Utah or any agency or political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. THE AUTHORITY HAS NO TAXING POWER.

Accordingly, the likelihood that the District will extend the term of the Lease for all Renewal Terms and continue to pay the Base Rentals to enable the Authority to timely pay the principal of, premium, if any, and interest on the Bonds in the future depends upon a number of factors which are beyond the control of the District, including, but not limited to, (a) the continuing need of the District for the Series 2026 Project, (b) the composition of the District Board of Trustees and their respective views with respect to the leasing of the Series 2026 Project, (c) the economic and demographic conditions within the District, (d) the ability of the District to generate sufficient funds from property taxes and other taxes and other sources of revenue to pay obligations associated with the Lease and other obligations of the District (whether now existing or hereafter created), and (e) the value of the Series 2026 Project in the event of the termination of the term of the Lease as a result of the occurrence of certain events described below or the expiration of any Renewal Term if the District does not appropriate sufficient funds that extends the term of the Lease as provided in the Lease. Neither the Indenture nor the Lease limit the ability of the District to incur additional obligations against its revenues.

The District has covenanted in the Lease to include in its annual tentative budget prepared by the appropriate officials of the District an item for expenditure of an amount necessary (after taking into account any and all District funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals during the next succeeding Renewal Term under the Lease. The decision to renew or not to renew the term of the Lease is to be made solely by the District Board of Trustees at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the District acting in his or her individual capacity.

In the event the District Board of Trustees fails to renew the Lease for all contemplated Renewal Terms, fails to budget and appropriate sufficient District funds for the payment of Base and Additional Rentals or defaults under the Lease, the Lease, which is subject to annual renewal, will be terminated, and, in such event, the Bonds will be payable from any moneys held by the Trustee under the Indenture, and the proceeds, if any, from a liquidation or other disposition of the Series 2026 Project subsequent to foreclosure of the lien of the Indenture and the Security Documents. In such event, the District has agreed to immediately vacate the Series 2026 Project.

Changes in Makeup of District Board of Trustees

The individuals elected to serve on the District Board of Trustees may change during the period the Series 2026 Bonds are outstanding. There can be no assurance that the membership of the District Board of Trustees will not change in a manner that will result in a future District Board of Trustees ceasing to appropriate Rentals under the Lease for the Series 2026 Project. Under the Lease, the District is entitled not to appropriate Rentals for the next succeeding Renewal Term with respect to all of the components constituting the Series 2026 Project, but is not entitled to appropriate with respect to only a portion, but not all, of such components constituting the Series 2026 Project.

Expiration or Termination of Lease

The Lease will expire by its terms on each December 31 during the years 2027 through 2051*, unless the District, in its sole discretion exercises the option provided in the Lease to extend the term of the Lease for each next succeeding Renewal Term with a final lease expiration date of August 15, 2051* (the scheduled final maturity of the Series 2026 Bonds). In the event that the District does not extend in any year the term of the Lease, the District's obligation to pay Rentals will terminate on the June 30 occurring at the end of the then current Renewal Term. Upon (a) the expiration of any Renewal Term of the Lease during which an Event of Nonappropriation occurs or (b) a default under the Lease and an election by the Trustee to terminate the possessory interest of the District under the Lease, the District's rights of possession of the Series 2026 Project under the Lease will expire or be terminated, as appropriate.

In the event that the District's right of possession of the Series 2026 Project under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the obligation of the District to pay Rentals thereunder will terminate and the Series 2026 Bonds will be payable from, among other sources, such moneys, if any, as may be available under the Indenture. Should the 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 District's right of possession of the Series 2026 Project under the Lease, the Trustee may recover and relet or sell the Authority's interest in the Series 2026 Project as provided in the Indenture, subject to the Ground Lease and the WCWCD Conveyance. The Net Proceeds of any reletting or sale of the Series 2026 Project together with certain other moneys then held by the Trustee under the Indenture, are required to be used to pay the Series 2026 Bonds to the extent of such moneys. However, each separate public facility or property constituting the Series 2026 Project represents special purpose facilities or property for use in connection with providing particular governmental services. Additionally, it is expected that the WCWCD Conveyance will contain an encumbrance relating to compliance with certain environmental standards No assurance can be given that the Trustee could relet or sell the Series 2026 Project for the amount necessary to pay the principal of and the interest on the Series 2026 Bonds.

A potential purchaser of the Series 2026 Bonds should not assume that it will be possible to relet or sell the Series 2026 Project after the expiration or termination of the District's right to possess the Series 2026 Project under the Lease as described above for an amount equal to the aggregate principal amount of the Series 2026 Bonds then outstanding plus accrued interest thereon. In this regard, it should be noted that (a) the Series 2026 Project may be subject to ad valorem taxes and other property taxation if owned by someone other than the District or other governmental body, (b) the use of the Series 2026 Project by a non-governmental entity may affect the tax-exempt status of interest on the Series 2026 Bonds, (c) the Series 2026 Project may not be suitable for general commercial use, and (d) zoning restrictions could limit the use of the Series 2026 Project. Furthermore, no assurance can be given that the amount, if any, realized upon any reletting or sale of the Series 2026 Project will be available to provide for the payment of the Series 2026 Bonds on a timely basis. Furthermore, any subletting or sale of the Series 2026 Project is subject to the terms of the Ground Lease and the WCWCD Conveyance.

Because the Lease will terminate in the event that the District Board of Trustees fails to budget and appropriate sufficient District funds to continue making Base Rentals and Additional Rentals during any Renewal Term of the Lease, a potential purchaser of the Series 2026 Bonds should carefully consider the nature of the security for payment of the Series 2026 Bonds in the event of a termination of the Master Lease. Under the Indenture and the Security Documents, the Series 2026 Project is subject to a lien and security interest granted to the Trustee for the benefit of the holders of the Series 2026 Bonds. Upon the occurrence of an Event of Default under the Indenture (which is defined to include an Event of Default under the Master Lease), the Trustee may foreclose its lien on the Series 2026 Project and may, subject to the Ground Lease, take possession of the Series 2026 Project as trustee and fiduciary for the holders of the Series 2026 Bonds. In such event, the amount of payment on the Series 2026 Bonds will be dependent upon the ability of the Trustee to sell or lease the Series 2026 Project to a subsequent purchaser or lessee. The ability of the Trustee to sell or lease the Series 2026 Project may be limited to other governmental entities, since the use of the Series 2026 Project by a non-governmental entity may adversely affect the tax-exempt status of interest on the Series 2026 Bonds. A potential purchaser of the Series 2026 Bonds should carefully consider the information currently available and presented herein concerning the Series 2026 Project. A potential Bondholder should not assume that it will be possible to liquidate the Series 2026 Project after foreclosure of the lien of the Indenture for an amount equal to the aggregate principal amount of the Series 2026 Bonds then outstanding, plus accrued interest thereon.

Limited Remedies

A termination of the District's right of possession of the Series 2026 Project under the Lease as a result of an Event of Default or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to relet the Series 2026 Project in accordance with the provisions of the Lease and the Indenture, subject to the Ground Lease. However, the enforceability of the Lease and the Indenture is subject to the applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State of Utah, 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. In addition, the Series 2026 Project may be used for limited purposes.

Due to the limited remedies available with respect to the Series 2026 Project, the limited uses of the Series 2026 Project and the delays inherent in obtaining foreclosure on real property and other judicial remedies, no assurance can be given that a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner. Any delays in the ability of the Trustee to obtain possession of the Series 2026 Project, of necessity, will result in delays in any payment of principal of or interest on the Series 2026 Bonds. Nor can any assurance be given that any moneys realized by the Trustee upon an exercise of any remedies would be sufficient to pay the principal of and interest on the Series 2026 Bonds. In the event any such moneys recovered are in an amount less than the aggregate principal amount of all outstanding Series 2026 Bonds, plus accrued interest, the Series 2026 Bonds would be paid in part on a pro rata basis as described under the Indenture, and no holder of any Series 2026 Bond will have any further claim for payment upon the Authority or the District. See "APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE—The Indenture—Application of Moneys."

Destruction of Projects

The Lease requires that the Series 2026 Project be insured by policies of insurance. If, prior to the termination of the Lease Term and the payment in full of the Series 2026 Bonds (or the making of provisions for the payment thereof in accordance with the Indenture) (i) the Series 2026 Project 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

Series 2026 Project or any material portion thereof or the Series 2026 Project 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 Series 2026 Project shall become apparent; or (iv) title to or the use of all or any material portion of the Series 2026 Project shall be lost by reason of a defect in title thereto, the District shall be obligated, subject to the District's right to discharge its obligation to repair or replace the Series 2026 Project, to continue to pay Rentals regardless of whether the Series 2026 Project shall have been accepted.

Subject to the District's right to discharge its obligation to repair or replace the Series 2026 Project, the District, the Authority, and the Trustee shall cause the Net Proceeds of any insurance policies, performance bonds or condemnation awards with respect to the Series 2026 Project to be deposited in the Construction Fund if received before the Completion Date of the Series 2026 Project and in a separate trust fund under the Indenture if received thereafter. All Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification or improvement of said Series 2026 Project by the District. 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 Series 2026 Bonds, or if said Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such Construction Fund or separate trust fund shall be paid to the District. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the District shall, from and to the extent of available District funds, complete the work and pay any cost in excess of the amount of the Net Proceeds.

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 the Series 2026 Project, the appropriate budget officers of the District shall, within 15 days of notice of such insufficiency, seek an appropriation from the District Board of Trustees for an amount equal to any such insufficiency. In the event that the District 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 the Series 2026 Project 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 District shall have no further obligation for the payment of Base Rentals and Additional Rentals, and possession of the Series 2026 Project as well as all rights created pursuant to the Lease and the interest of the District and the Authority therein and in any funds or accounts created under the Indenture with respect to the Series 2026 Project (except for moneys held in the Rebate Fund or for the payment of Series 2026 Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders of the Series 2026 Bonds. Thereafter, the Authority's interest in said Series 2026 Project may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture and 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 Indenture with respect to the Series 2026 Project (except moneys held in the Rebate Fund or for the payment of Series 2026 Bonds not then deemed Outstanding), shall be applied to the redemption of the Series 2026 Bonds on the next succeeding redemption date. Such redemption of the Series 2026 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 Indenture. See "APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE—The Master Lease—Damage, Destruction, and Condemnation" herein.

The District is required under the Lease to cause the Series 2026 Project to be insured by policies of casualty and property damage insurance in an amount not less than the full insurable value of the Series 2026 Project. The term "full insurable value" as used in the Lease means the actual replacement value, or at the option of the District any lesser amount which is equal to or greater than the principal amount of all of the Series 2026 Bonds then Outstanding. Alternatively, the District may insure or cause to be insured under a blanket insurance policy or policies which cover not only the Series 2026 Project but other properties in the amounts required by the previous sentence. However, there is no assurance that, in the event the Lease is terminated as a result of damage to or destruction or condemnation of the Series 2026 Project, moneys made available by reason of such an occurrence will be sufficient to redeem the Series 2026 Bonds at a price equal to the principal amount thereof outstanding plus accrued interest to the redemption date.

Depreciation and Obsolescence

Certain components of the Series 2026 Project may become obsolete, may depreciate in value or may wear out during the time that the Series 2026 Bonds are outstanding. In addition, components of the Series 2026 Project may be difficult or impossible to remove from their place of service or use. Consequently, following an Event of Nonappropriation or an Event of Default under the Lease of the Indenture or termination of the Lease for any reason, any amounts realized by the Trustee from a reletting or sale of the Series 2026 Project may not be sufficient to redeem or pay all outstanding Series 2026 Bonds in full.

Acquisition of the Project

The final portion of the Series 2026 Project is expected to be completed in March of 2029. The Authority and the District believe, but there can be no assurance, that the proceeds of sale of the Series 2026 Bonds, together with certain investment earnings thereon, will be sufficient to complete the acquisition, construction and equipping of the Series 2026 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 Project from legally available funds, but only in connection with the issuance of Additional Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for the purpose of completing the Series 2026 Project subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under then applicable law or that the District Board of Trustees will agree to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the Series 2026 Bonds. In the event that the Series 2026 Project is not completed on a timely basis and assuming that no Additional Bonds are issued to complete construction of the Series 2026 Project, the District may not be willing to appropriate Rentals and there will be no moneys to pay debt service on the Series 2026 Bonds. In such event, Bondholders and the Trustee may pursue remedies under the Indenture. See "APPENDIX B—FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE—The Indenture–Acceleration, Limitation on Remedies," and –Other Remedies; Rights of Bondholders."

Project Sites

As previously stated under "THE SERIES 2026 PROJECTS," the Project Sites are currently owned by WCWCD and the District is in the process of obtaining a property interest in the Project Sites pursuant to the WCWCD Conveyance. It is not currently known whether such property interest will be in the form of a fee simple title or a leasehold estate with a term that exceeds the latest final maturity of the Series 2026 Bonds. It is also expected that the WCWCD Conveyance will contain an encumbrance on the Project Sites whereby the occupant of the Project Sites must comply with certain environmental standards. With the exception of the payment of costs of issuance, proceeds of the Series 2026 Bonds will be held in escrow and will not be disbursed until such time that the WCWCD Conveyance is completed and the District has obtained title policies with respect to the Project Sites. .

At this time, since no title policies have been obtained with respect to the Project Sites, the status of title to Project Sites is unknown. Such policies may contain encumbrances that affect the marketability and value of the Project Sites which could impact the ability to relet or sell the Series 2026 Projects. At a minimum, it is expected that the WCWCD Conveyance will contain an encumbrance relating to compliance with certain environmental standards.

As previously stated, with the exception of the costs of issuance, proceeds of Series 2026 Bonds will not be disbursed to pay costs of the Series 2026 Project until the WCWCD Conveyance is completed and the District has received title policies relating to the Project Sites. Although the balance of the proceeds will be held for the benefit of the owners of the Series 2026 Bonds, such amounts may not be sufficient to pay the full amount of the principal amount of Series 2026 Bonds since certain costs will have been paid from proceeds of the Series 2026 Bonds. Neither the District nor the Authority is under any obligation to make up such insufficiency.

Potential Environmental Risks

The ownership of real property or the grant of mortgages, deeds of trust or other encumbrances on real property creates a potential for environmental liability on the part of the owner of such real property and the party secured by such mortgages, deeds of trust or other encumbrances. If hazardous substances are discovered at a Project Site or discovered to be emanating from a Project Site, the owner or operator of the property may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could greatly exceed the value of such Project. In the event that the Trustee or a Bondowner obtains title to the Authority's interest in a Project Site, becomes involved in the operation of the property or attempts to realize on its security, a court may hold the Trustee or the Bondowner liable for such costs and expenses, even if the Trustee or the Bondowner had no knowledge of the existence of such hazardous substances. The existence of environmental risks could prevent the Trustee from exercising certain of its remedies or rights under the Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Series 2026 Project is located on land owned by the District. The Project Sites currently are and have been vacant land. The District is not aware of any environmental concerns with the Project Sites.

Climate Change and Natural Disasters

Climate change caused by human activities may have adverse effects on the District and its operations. Ongoing climate change is expected to intensify and increase the frequency, severity and timing of extreme weather events such as drought, wildfires, floods and heat waves. In particular, many areas of Utah have experienced drought conditions for the last several years and the State has experienced large wildfire seasons. In May of 2026, the State Governor issued an emergency declaration in response to worsening drought conditions statewide. The State anticipates drought conditions to worsen, causing stress on wildlife, recreation, and water supply. Drying vegetation will also create the conditions for increased fire danger. The fiscal impact of drought and other effects of climate change on the District is difficult to predict, but it could be significant and it could have a material adverse effect on the District's finances by requiring greater expenditures to counteract these effects.

Tax Status

Failure by the Authority or the District to comply with certain covenants in the Indenture, the Lease and the tax matters certificate executed by the District and the Authority at the time of issuance of the Series 2026 Bonds, on a continuous basis, so long as any of the Series 2026 Bonds are outstanding under the Indenture and thereafter as required by such covenants and applicable law, could result in interest on the Series 2026 Bonds becoming includible in federal gross income, retroactive to the date of their original issuance. See "TAX MATTERS" herein. The Indenture and the Series 2026 Bonds do not provide for the payment of any additional interest or penalty in the event that interest on the Series 2026 Bonds becomes includible in federal gross income.

Additional Parity Debt

The Indenture provides that the Authority may issue Additional Bonds upon compliance with certain requirements. In the event the Authority were to issue Additional Bonds, such issuance of Additional Bonds could result in dilution of the collateral security pledged to secure the payment of the Series 2026 Bonds. The Authority currently does not have any plans to issue any Additional Bonds.

Cybersecurity

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the District to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the District has not experienced a successful cyberattack. The District believes it has made all reasonable efforts to ensure that any such attack is not successful and that the District's information systems are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the District's information systems or other challenges. The District has insurance coverage for cyber-liability.

LEGAL MATTERS

General

The authorization and issuance of the Series 2026 Bonds is subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the District by Ruesch Reeve Werrett & Jones, PLLC, Hurricane City, Utah. The approving opinion of Bond Counsel will be delivered with the Series 2026 Bonds. A copy of the form of the opinion of Bond Counsel is set forth in APPENDIX E of this Official Statement.

Litigation

A non-litigation certificate issued by Ruesch Reeve Werrett & Jones, PLLC, as legal counsel to the Authority and the District, dated the date of closing, will be provided stating, among other things, that to the best of its knowledge, after due inquiry, no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, has been served on the Authority or the District or is threatened, challenging the creation, organization, or existence of the Authority or the District or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2026 Bonds or for the purpose of restraining or enjoining the levy and collection of taxes by District, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2026 Bonds are issued or the validity of the Series 2026 Bonds or the issuance thereof.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2026 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2026 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2026 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2026 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under the law currently existing as of the issue date of the Series 2026 Bonds:

Federal Tax Exemption. The interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Series 2026 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2026 Bonds, subject to the condition that the Authority and the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the District have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds.

State of Utah Tax Exemption. The interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2026 Bonds but has reviewed the discussion under the heading "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2026 Bond over its issue price. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2026 Bond during any accrual period generally equals (1) the issue price of that Series 2026 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2026 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2026 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2026 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2026 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2026 Bond is the sum of all payments on the Series 2026 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2026 Bond is generally the first price at which a substantial amount of the Series 2026 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2026 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2026 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2026 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange, or Retirement of Series 2026 Bonds. Upon the sale, exchange, or retirement (including redemption) of a Series 2026 Bond, an owner of the Series 2026 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2026 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2026 Bond. To the extent a Series 2026 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2026 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2026 Bonds, and to the proceeds paid on the sale of the Series 2026 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2026 Bonds should be aware that ownership of the Series 2026 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or

Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2026 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2026 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2026 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2026 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

MUNICIPAL ADVISOR

The District on behalf of the Authority has entered into an agreement with Zions Public Finance, Inc., Salt Lake City, Utah (the "Municipal Advisor"), whereunder the Municipal Advisor provides financial recommendations and guidance to the District and the Authority with respect to timing of sale, market conditions, costs of issuance and other factors relating to the sale of the Series 2026 Bonds. The Municipal Advisor has read and participated in the drafting of this Official Statement. 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 District or the Authority, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the Official Statement or any other matters related to the Official Statement. Municipal Advisor fees are contingent upon the sale and delivery of the Series 2026 Bonds.

BOND RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Series 2026 Bonds. Any explanation of the significance of this rating should be obtained from the rating agency furnishing the same. There is no assurance that the ratings given to outstanding obligations will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

CONTINUING DISCLOSURE

The District, on behalf of the Authority, will undertake for the benefit of the Bondholders and the beneficial owners of the Series 2026 Bonds to provide certain annual financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB"), and to provide notice of certain material events to the MSRB all in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission ("Rule 15c2-12"). See APPENDIX D attached hereto and incorporated herein by reference for a form of the Continuing Disclosure Undertaking that will be executed and delivered by the District.

A failure by the District to comply with the Continuing Disclosure Undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2026 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. See "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING—Default." A failure by the District to comply with the Continuing 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 Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

The District has not previously entered into any continuing disclosure undertaking pursuant to Rule 15c2-12.

MISCELLANEOUS

Independent Accountants

The basic financial statements of the District as of December 31, 2025, and for the year then ended, contained in APPENDIX A to this Official Statement, have been audited by K&C, Certified Public Accountants ("K&C"), as set forth in their report included in APPENDIX A to this Official Statement. K&C has not been asked to consent to the use of its name and audited financial report of the District for Fiscal Year Ended December 31, 2025 in this Official Statement.

Additional Information

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

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

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

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

The delivery of the Official Statement has been duly authorized by the Authority and the District.

LOCAL BUILDING AUTHORITY OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

APPENDIX A

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, A COMPONENT UNIT OF WASHINGTON COUNTY, BASIC FINANCIAL STATEMENT FOR FISCAL YEAR ENDED DECEMBER 31, 2025

HURRICANE VALLEY FIRE
SPECIAL SERVICE DISTRICT

A COMPONENT UNIT OF WASHINGTON COUNTY

BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

Together with Independent Auditor's Report

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
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CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

To the Administrative Control Board
Hurricane Fire Special Service District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Hurricane Valley Fire Special Service District (the District), component unit of Washington County, Utah, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District, as of December 31, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Telephone (801) 590-2600 | 1285 S. 1650 W. Suite 200, Woods Cross, UT 84087

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

K&C, CPAs

Woods Cross, Utah
June 3, 2026

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Hurricane Valley Fire Special Service District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended December 31, 2025.

Financial Highlights

The assets and deferred outflows of resources of the governmental activities of the District exceeded its liabilities and deferred inflows of resources at the end of the current fiscal year by $12,610,680 (net position). Of this amount, $6,575,896 (unrestricted net position) is available to meet ongoing obligations to citizens and creditors. Net position increased by $1,379,276 in the current year.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Hurricane Valley Fire Special Service District's basic financial statements: The 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 information, in addition to the basic financial statements, that will help the reader gain a more in-depth understanding of the District.

<u>Government-wide Financial Statements</u>
Government-wide Financial Statements give readers a broad overview of the entire District's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities presents information showing how the District's net position changed during the fiscal year reported. 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, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type of activities). The statement of activities shows each function or program that is self-supporting through fees and intergovernmental aid and identifies the general revenue of the District available to cover any remaining costs of the functions or programs.

<u>Fund Financial Statements</u>
Fund Financial Statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. Hurricane Valley Fire Special Service District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. The District funds are categorized as Governmental funds.

Governmental Funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources.

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 government funds 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 government fund balance sheet and the government fund statement of revenue, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three major governmental funds, the general fund, the impact fees special revenue fund, and the capital projects fund. The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund and impact fees special revenue fund.

Notes to the Financial Statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Financial Analysis

The District's Net Position

	Governmental Activities	
	2025	2024
Current and other assets	$ 10,468,972	$ 9,557,093
Capital assets	5,819,418	5,810,661
Total assets	16,288,390	15,367,754
Total deferred outflows of resources	1,658,404	1,517,281
Long-term liabilities outstanding	4,718,093	4,925,825
Other liabilities	489,793	612,401
Total liabilities	5,207,886	5,538,226
Total deferred inflows of resources	128,228	115,405
Net position:		
Net investment in capital assets	2,141,904	1,742,742
Restricted	3,892,880	3,430,688
Unrestricted	6,575,896	6,057,974
Total net position	$ 12,610,680	$ 11,231,404

As noted earlier, net position may serve over time as a useful indicator of financial position. Total governmental activities assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by $12,610,680, an increase of $1,379,276. This change is equivalent to the net income for the year, in private sector terms. Total unrestricted net position at the end of the year is $6,575,896. Unrestricted net position represents those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represents the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due at year end, for goods and services acquired.

The District's Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	$ 4,713,391	$ 4,260,146
Operating grants and contributions	9,037	21,937
Capital grants and contributions	738,370	770,963
General revenues:		
Property taxes	7,624,754	4,918,941
Local contributions	619,823	657,769
Investment income	185,567	189,364
Miscellaneous	158,246	201,009
Gain on sale of assets	152,507	-
Total revenues	14,201,695	11,020,129
Expenses:		
Fire and emergency medical operations	12,717,158	10,490,840
Interest on long-term debt	105,261	117,500
Total expenses	12,822,419	10,608,340
Increase (Decrease) in net position	1,379,276	411,789
Net position - beginning of year	11,231,404	11,086,985
Prior period adjustment	-	(267,370)
Net position - end of year	$ 12,610,680	$ 11,231,404

For the Governmental Activities, total revenue was $14,201,695, an increase of $3,181,566 from the previous year. The main source of the increase was in property tax revenue due to the board approving an increase in the certified tax rate for 2025.

Total expenses were $12,822,419, an increase of $2,214,079 from the previous year. Increases in payroll, large and small asset purchases make up a significant portion of the increase in expenses.

Budgetary Highlights

Revenue for the current year for the general fund was originally budgeted in the amount of $11,378,000. Actual revenue amounted to $13,434,488. This is because of a increase in Inter Facility Transports out of the Hurricane ER.

Expenditures for the general fund for the current year were originally budgeted in the amount of $11,146,897. Actual expenditures amounted to $12,034,149. This is due to asset purchasing of needed or aged out equipment

Capital Assets and Debt Administration

The District's Capital Assets (Net of Depreciation)

	Governmental Activities	
	2025	2024
Land	$ 284,202	$ 284,202
Construction in progress	71,250	202,701
Buildings	2,139,489	2,237,657
Machinery and equipment	194,744	439,392
Autos and trucks	3,129,733	2,646,709
Total	$ 5,819,418	$ 5,810,661

Additional information on the District's capital assets and debt can be found in Note 7 in the Notes to the District's Basic Financial Statements.

The District's Outstanding Debt

	Governmental Activities	
	2025	2024
Financed purchases	$ 3,677,514	$ 4,067,919
Compensated absences	622,263	500,337
Total	$ 4,299,777	$ 4,568,256

Additional information regarding long-term liabilities may be found in note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

It is anticipated that the budget will increase primarily due to growth in population, recreation, and tourism. This will require additional expenses to maintain the quality of care.

Request for Information

This financial report is designed to give its readers a general overview of the District's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to Hurricane Valley Fire Special Service District, 202 East State Street, Hurricane, Utah 84737, (435) 635-9562.

BASIC FINANCIAL STATEMENTS

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

		Governmental Activities
Assets		
Cash and cash equivalents	$	3,175,764
Receivables:		
Accounts, net		620,734
Property taxes		1,976,633
Integovernmental		172,247
Prepaid expense		245,962
Restricted cash and cash equivalents		3,892,880
Capital assets not being depreciated		355,452
Capital assets, net of accumulated depreciation		5,463,966
Net pension asset		384,752
Total Assets		16,288,390
Deferred Outflows of Resources		
Pension related		1,658,404
Total Assets and Deferred Outflows of Resources	$	17,946,794
Liabilities		
Accounts payable	$	134,438
Accrued liabilities		264,142
Accrued interest payable		91,213
Noncurrent liabilities:		
Due within one year		618,017
Due in more than one year		3,681,760
Net pension liability		418,316
Total Liabilities		5,207,886
Deferred Inflows of Resources		
Pension related		128,228
Net Position		
Net investment in capital assets		2,141,904
Restricted for:		
Impact fees		3,892,880
Unrestricted		6,575,896
Total Net Position		12,610,680
Total Liabilities, Deferred Inflows of Resources and Net Position	$	17,946,794

The notes to the financial statements are an integral part of this statement

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions					
Governmental Activities					
Fire and emergency medical operations	$ 12,717,158	$ 4,713,391	$ 9,037	$ 738,370	$ (7,256,360)
Interest on long-term debt	105,261	-	-	-	(105,261)
Total Governmental Activities	$ 12,822,419	$ 4,713,391	$ 9,037	$ 738,370	(7,361,621)
	General Revenues				
	Property taxes				7,624,754
	Local contributions				619,823
	Investment earnings				185,567
	Miscellaneous				158,246
	Gain on sale of assets				152,507
	Total General Revenues				8,740,897
	Change in Net Position				1,379,276
	Net Position, Beginning				11,231,404
	Net Position, Ending				$ 12,610,680

The notes to the financial statements are an integral part of this statement

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
BALANCE SHEET – GOVERNMETNAL FUNDS
December 31, 2025

	General Fund	Capital Projects Fund	Special Revenue Impact Fee Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 2,468,237	$ 707,527	$ -	$ 3,175,764
Receivables:				
Accounts, net	620,734	-	-	620,734
Property taxes	1,976,633	-	-	1,976,633
Intergovernmental	172,247	-	-	172,247
Prepaid expense	102,486	-	143,476	245,962
Restricted cash and cash equivalents	-	-	3,892,880	3,892,880
Total Assets	$ 5,340,337	$ 707,527	$ 4,036,356	$ 10,084,220
Liabilities				
Accounts payable	$ 131,018	$ 3,420	$ -	$ 134,438
Accrued liabilities	264,142	-	-	264,142
Total Liabilities	395,160	3,420	-	398,580
Deferred Inflows of Resources				
Unavailable revenue	160,944	-	-	160,944
Fund Balances				
Nonspendable				
Prepaid expense	102,486	-	-	102,486
Restricted				
Impact fees	-	-	3,892,880	3,892,880
Assigned				
Capital projects	-	704,107	-	704,107
Debt service	-	-	143,476	143,476
Unassigned	4,681,747	-	-	4,681,747
Total Fund Balances	4,784,233	704,107	4,036,356	9,524,696
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,340,337	$ 707,527	$ 4,036,356	$ 10,084,220

The notes to the financial statements are an integral part of this statement

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMETNAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds		$ 9,524,696
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	$ 12,948,544	
Less: accumulated depreciation	(7,129,126)	5,819,418
The net pension asset reported in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds.		384,752
Long-term liabilities, including financed purchases, interest payable, compensated absences, and pension liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Financed purchases	$ (3,677,514)	
Interest payable	(91,213)	
Compensated absences	(622,263)	
Net pension liability	(418,316)	(4,809,306)
Unavailable revenue is recorded as a deferred inflow in the governmental funds but not in the governmental activities because it qualifies for recognition under the economic resources measurement focus.		160,944
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	$ 1,658,404	
Deferred inflows related to pensions	(128,228)	1,530,176
Net position - governmental activities		$ 12,610,680

The notes to the financial statements are an integral part of this statement

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Special Revenue Impact Fee Fund	Total Governmental Funds
Revenues				
Property taxes	$ 7,624,754	$ -	$ -	$ 7,624,754
Charges for services	5,138,903	-	-	5,138,903
Impact fees	-	-	699,372	699,372
Contributions from other governments	619,823	-	38,998	658,821
Grants	9,037	-	-	9,037
Interest income	26,484	-	159,083	185,567
Other income	15,487	20,000	-	35,487
Total Revenues	13,434,488	20,000	897,453	14,351,941
Expenditures				
Current:				
Fire and emergency medical operations	11,857,361	-	-	11,857,361
Debt service:				
Principal	151,645	-	238,668	390,313
Interest	25,143	-	90,643	115,786
Capital outlay	-	490,967	105,950	596,917
Total Expenditures	12,034,149	490,967	435,261	12,960,377
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,400,339	(470,967)	462,192	1,391,564
Other Financing Sources (Uses)				
Transfers in	-	1,000,000	-	1,000,000
Transfers out	(1,000,000)	-	-	(1,000,000)
Proceeds from sale of assets	-	157,000	-	157,000
Total Other Financing Sources (Uses)	(1,000,000)	1,157,000	-	157,000
Net Change in Fund Balances	400,339	686,033	462,192	1,548,564
Fund Balances, Beginning	4,383,894	18,074	3,574,164	7,976,132
Fund Balances, Ending	$ 4,784,233	$ 704,107	$ 4,036,356	$ 9,524,696

The notes to the financial statements are an integral part of this statement

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds			$ 1,548,564
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			(554,249)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.			567,499
Government funds have proceeds from the sale of assets as revenue. However, the statement of activities reports the gain or loss on the sale of assets.			(4,493)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			390,313
Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities. The adjustment reflects the change in interest payable.			10,525
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability/asset is measured a year before the report date. Pension expenses, which are the changes in the net pension liability/asset adjusted for changes in deferred outflows and inflows of resources related to pensions and non-employer contributions, are reported in the statement of activities.			
Pension expense	$	(154,301)	
Non-employer contributions		122,759	(31,542)
Compensated absences expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			(121,926)
Governmental funds recognize revenues when they are both measurable and available; however, in the statement of activities, revenue is recognized when earned.			(425,415)
Change in net position - governmental activities			$ 1,379,276

The notes to the financial statements are an integral part of this statement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization

The Hurricane Valley Fire Special Service District (the District) was established by the Washington County Commission on December 18, 2007. The District provides fire protection services to the cities of Hurricane, LaVerkin, Leeds, Rockville, Springdale, Toquerville, and Virgin, Utah.

Government-wide and Fund Financial Statements

Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Changes in Net Position. These statements report financial information for the District as a whole. Individual funds are not displayed. All the District's operations are reported as governmental activities. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities reports the expenses of a given function, offset by program revenue, directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund, or summarize more than one fund, to capture the expenses and program revenue associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Fund Financial Statements are provided for governmental funds. All three of the District's funds are presented as major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP).

Government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related to cash flows. Property tax revenue is recognized in the year for which it is levied, while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenue to be available if it is collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, and intergovernmental revenue associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Types and Major Funds

Government Funds
The District reports the following major governmental funds; 1) The general fund is the government's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund. 2) The capital projects fund is used to account for the acquisition or construction of major capital facilities and equipment. 3) Impact fee special revenue fund is used to account for impact fee revenues and related expenditures.

Assets, Liabilities, and Net Position

Deposit and Investments
The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value. Deposits are reported at cost, which approximates fair value. Additional information is contained in Note 3.

Receivables and Payables
Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for emergency medical services. Accounts receivable are shown net of an allowance for uncollectible accounts.

Property taxes are assessed and collected for the District by Washington County and remitted to the District shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1 and are delinquent after November 30. All dates are in the year of levy.

Capital Assets
Capital assets include property, plant, and equipment, and are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's lives, are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

The lives of the assets are 5 to 16 years for equipment and 39 years for buildings and improvements.

Long-term Obligations
In the government-wide Statement of Net Position, long-term debt and obligations are reported as liabilities. The governmental fund financial statements recognize the proceeds of leases, debt, and premiums as other financing sources of the current period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt that is attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All other net position that do not meet the definition of *restricted* or *net investment in capital assets*.

Governmental fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- *Nonspendable Fund Balance* – includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid expenses) or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – amounts with constraints placed on the use of resources that are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution or ordinance) of the Administrative Control Board, the District's highest level of decision-making authority.
- *Assigned Fund Balance* – used for amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. The Administrative Control Board assigns amounts to specific purposes and may change the assignments as circumstances change.
- *Unassigned Fund Balance* – residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. If the fund balance of a governmental fund, other than the general fund, that is not classified as nonspendable and is neither restricted nor committed, is negative, the balance would be reported under this classification as well.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

The District collects impact fees to offset the costs of improvements to the District's public safety facilities that become necessary due to new development within the District's service area. Impact fees are imposed through the passing of legislation by the Administrative Control Board and can only be used for the specific public safety facilities included in the Impact Fee Facilities Plan. As of December 31, 2025, the portion of restricted net position that was due to enabling legislation was $3,892,880.

Compensated Absences

The District pays the balance of an employee's annual leave upon termination of employment and an additional 25% of accrued sick time if the employee retires with the District. The employee is allowed to carry over 48 hours of compensation and 240 hours of vacation on January 30th.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the financial statements will report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

Annual budgets are prepared and adopted by ordinance, in accordance with State law. The budget is adopted prior to the beginning of the year to which it applies after a public hearing has been held. Estimated revenue and appropriations may be increased or decreased by resolution of the board at any time during the year. A public hearing must be held prior to any proposed increase in fund appropriations. Budgets include activities in the General Fund. The level of the District's budgetary control (the level at which the District's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Budget amendments which increase total expenditures must be approved by the board following a public hearing. With the consent of the board, department heads may reallocate unexpended appropriated balances from one expenditure account to another within the department during the budget year. Budgets for the general and capital improvements funds are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 3 DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the District's funds.

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

Components of cash and investments (including interest earning deposits) at December 31, 2025 are as follows:

Cash on hand and on deposit:		
Cash on deposit	$	1,811,968
PTIF investments		5,256,676
Total cash and investments	$	7,068,644
Cash and investments are included in the accompanying combined statement of net position as follows:		
Cash and cash equivalents	$	3,175,764
Restricted cash and cash equivalents		3,892,880
Total cash and investments	$	7,068,644

The District's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2025, $1,764,833 of the District's $2,114,350 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined by the Act.

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The District manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The District invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external local governmental investment pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

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 income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Additional information is available at the Utah State Treasurer's Office.

For the year ended December 31, 2025, the District had investments of $5,256,676 with the PTIF. This investment matures in less than one year and is not rated.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At December 31, 2025, the District had the following cash and investments:

	Carrying Value	Fair Value Factor	Fair Value	Credit Rating	Weighted Avg. Maturity
Cash on hand and on deposit:					
Cash on deposit	$ 1,811,968	1	$ 1,811,968	N/A	N/A
Utah State Public					
Treasurer's Investment Fund	5,256,676	1.002288	5,268,705	N/A	< 3 mos.
Total cash on hand and deposit	$ 7,068,644		$ 7,080,673		

The District's PTIF investments is classified as level 2 and is calculated by applying the December 31, 2025 fair value factor, as calculated by the Utah State Treasurer, to the District's balance in the fund.

NOTE 4 ACCOUNTS RECEIVABLE, NET & ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Outstanding Balance	Allowance for Doubtful Accounts	Net
Ambulance receivable	$ 1,990,153	$ (1,369,419)	$ 620,734
Property tax receivable	1,976,633	-	1,976,633
Intergovernmental receivable	172,247	-	172,247
Total	$ 4,139,033	$ (1,369,419)	$ 2,769,614

NOTE 5 DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue

Revenue in the General Fund is recorded using the modified accrual basis of accounting and revenues are recognized when they are both measurable and available (expected to be received within 60 days). A portion of the ambulance receivable at December 31, 2025 was not received within 60 days and not available to be recorded in revenue, therefore the District has recorded a deferred inflow of resources of $160,944. These revenues will be recognized at the government-wide level (accrual basis of accounting) and in the General Fund in subsequent periods as they become available.

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the District for the year ended December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Financed purchases from direct borrowings	$ 4,067,919	$ -	$ (390,405)	$ 3,677,514	$ 390,405
Compensated absences *	500,337	121,926	-	622,263	217,792
Net pension liability	357,569	60,747	-	418,316	-
Total long-term liabilities	$ 4,925,825	$ 182,673	$ (390,405)	$ 4,718,093	$ 608,197

* The change in the compensated absences liability is presented as a net change.

The net pension liability is generally liquidated by the general fund.

Governmental Activities - Financed Purchases from Direct Borrowings

In October 2015, the District entered into a financed purchase agreement in the amount of $518,800 to finance the purchase of public safety vehicles and equipment. Annual principal and interest payments began on January 15, 2016 and are required until maturity on January 15, 2026 at an interest rate of 2.70%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the public safety vehicles and equipment may be repossessed and sold with or without cancelation of the agreement.	$ 51,551
In August 2016, the District entered into a financed purchase agreement in the amount of $995,000 to finance the purchase of a fire ladder truck. Annual principal and interest payments began on March 1, 2018 and are required until maturity on March 1, 2037 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire ladder truck; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire ladder truck may be repossessed.	655,000

NOTE 6 LONG-TERM LIABILITIES (Continued)

Governmental Activities – Financed Purchases from Direct Borrowings (Continued)

In September 2016, the District entered into a financed purchase agreement in the amount of $1,638,000 to finance the purchase of a fire station. Annual principal and interest payments began on March 1, 2019 and are required until maturity on March 1, 2048 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire station; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire station may be repossessed. The District has entered into a shared facilities agreement with Washington City, Utah whereby the City pays half the required debt service payments on this agreement to the District until the debt is extinguished. The District operates and maintains the fire station and recognizes the full historical cost of the asset and related debt.	$	1,358,000
In May 2019, the District entered into a financed purchase agreement in the amount of $200,000 to finance the purchase of a fire ladder truck. Annual principal and interest payments began on October 1, 2019 and are required until maturity on October 1, 2038 at an interest rate of 2.50%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) abandonment or transfer of the fire ladder truck; and (c) the initiation of bankruptcy proceedings by the District. Upon the occurrence of an event of default, the fire ladder truck may be repossessed.		141,000
In April 2022, the District entered into a financed purchase agreement in the amount of $798,000 to finance the purchase of public safety vehicles. Annual principal and interest payments began on January 15, 2023 and are required until maturity on January 15, 2032 at an interest rate of 2.48%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the public safety vehicles may be repossessed and sold with or without cancelation of the agreement.		574,274
In June 2022, the District entered into a financed purchase agreement in the amount of $830,000 to finance the purchase of a fire engine truck. Annual principal and interest payments began on January 15, 2023 and are required until maturity on January 15, 2032 at an interest rate of 3.20%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the fire engine truck may be repossessed and sold with or without cancelation of the agreement.		599,231
In January 2023, the District entered into a financed purchase agreement in the amount of $475,000 to finance the purchase of a fire suppression vehicles. Annual principal and interest payments begin on January 15, 2024 and are required until maturity on January 15, 2028 at an interest rate of 4.99%. The significant event of default is a failure to pay principal or interest when due. Upon the occurrence of this event of default, the fire suppression vehicles may be repossessed and sold with or without cancelation of the agreement.		298,458
Total revenue bonds		3,677,514
Less current portion		(400,225)
Noncurrent portion	$	3,277,289

NOTE 6 LONG-TERM LIABILITIES (Continued)

Governmental Activities – Financed Purchases from Direct Borrowings (Continued)

The combined aggregate amount of debt service requirements (principal and interest) by year is as follows:

Governmental Activities - Financed Purchases from Direct Borrowings

Year	Principal	Interest	Total
2026	$ 400,225	$ 104,347	$ 504,572
2027	361,905	91,173	453,078
2028	374,082	78,968	453,050
2029	276,571	66,356	342,927
2030	283,465	58,737	342,202
2031-2035	961,266	189,134	1,150,400
2036-2040	459,000	99,400	558,400
2041-2045	338,000	53,650	391,650
2046-2048	223,000	11,250	234,250
	$ 3,677,514	$ 753,015	$ 4,430,529

NOTE 7 CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 284,202	$ -	$ -	$ 284,202
Construction in progress	202,701	71,250	(202,701)	71,250
Total capital assets not being depreciated	486,903	71,250	(202,701)	355,452
Capital assets being depreciated:				
Buildings	3,156,402	5,283	-	3,161,685
Machinery and equipment	1,917,537	-	-	1,917,537
Autos and trucks	7,021,364	693,667	(201,161)	7,513,870
Total capital assets being depreciated	12,095,303	698,950	(201,161)	12,593,092
Less accumulated depreciation for:				
Buildings	(918,745)	(103,451)	-	(1,022,196)
Machinery and equipment	(1,478,145)	(244,648)	-	(1,722,793)
Autos and trucks	(4,374,655)	(206,150)	196,668	(4,384,137)
Total accumulated depreciation	(6,771,545)	(554,249)	196,668	(7,129,126)
Total capital assets being depreciated, net	5,323,758	144,701	(4,493)	5,463,966
Total capital assets, net	$ 5,810,661	$ 215,951	$ (207,194)	$ 5,819,418

Depreciation expense of $554,249 was charged to fire and emergency medical operations.

NOTE 8 PENSION PLANS

General Information about the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems (URS) are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple-employer, cost-sharing, public employee retirement system.
- Firefighters Retirement System (Firefighters System) is a multiple-employer, cost-sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple-employer, cost-sharing, public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple-employer, cost-sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4.0%
Firefighters System	Highest 3 years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4.0%

NOTE 8 PENSION PLANS (Continued)

Summary of Benefits by System (Continued)

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present	Up to 2.5%

** Actuarial reductions are applied.*
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributory Rate Summary
As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution Rates as of December 31, 2025 are as follows:

	Employee	Employer	Employer 401(k)
Noncontributory System			
15 Local Government - Tier 1 - DB System	-	15.97%	-
111 Local Government - Tier 2 - DB Hybrid System	0.81%	14.19%	-
211 Local Government - Tier 2 - 401(k) Option	-	4.19%	10.00%
Firefighters Retirement System			
31 Other Division A - Tier 1 - DB System	15.05%	1.61%	-
132 Other Division A - Tier 2 - DB Hybrid System	4.73%	14.08%	-
232 Other Division A - Tier 2 - 401(k) Option	-	0.08%	14.00%

Tier 2 rates include a statutory requied contribution to finance the unfunded actuarial liability of the Tier 1 plans.

NOTE 8 PENSION PLANS (Continued)

Contributory Rate Summary (Continued)

For fiscal year ended December 31, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer	Employee
Noncontributory System	$ 2,103	$ -
Firefighters System	20,209	188,912
Tier 2 Public Employees System	41,962	2,152
Tier 2 Public Safety and Firefighter	502,011	163,152
Tier 2 DC Public Safety and Firefighter Plan	750	-
Total Contributions	$ 567,035	$ 354,216

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

Combined Pension Assets, Liabilities, Expense, and
Deferred Outflows and Inflows of Resources Related to Pensions

At December 31, 2025, we reported a net pension asset of $384,752 and a net pension liability of $418,316.

	Measurement Date: December 31, 2024			Proportionate	
	Net Pension Asset	Net Pension Liabilitiy	Proportionate Share	Share Dec. 31, 2023	Change
Noncontributory System	$ -	$ 71,652	0.0225954%	0.0276632%	-0.0050678%
Firefighters System	384,752	-	2.1904143%	2.0616035%	0.1288108%
Tier 2 Public Employees System	-	27,604	0.0092557%	0.0106723%	-0.0014166%
Tier 2 Public Safety and Firefighter	-	319,060	0.7054326%	0.7237474%	-0.0183148%
Total Net Pension Asset / Liability	$ 384,752	$ 418,316			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2025, we recognized pension expense of $597,198.

At December 31, 2025, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 670,516	$ 16,954
Changes in assumptions	224,941	5,013
Net difference between projected and actual earnings on pension plan investments	154,002	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,910	106,261
Contributions subsequent to the measurement date	567,035	-
Total	$ 1,658,404	$ 128,228

NOTE 8 PENSION PLANS (Continued)

Combined Pension Assets, Liabilities, Expense, and
Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

$567,035 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2025	$ 240,392
2026	367,546
2027	49,422
2028	35,021
2029	74,914
Thereafter	195,846

Actuarial assumptions
The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 – 9.50 percent, average, including inflation
Investment Rate of Return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 8 PENSION PLANS (Continued)

Actuarial assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term expected portfolio real**
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real Assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected arithmetic nominal return		8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The table at the top of the following page presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate.

System	**1% Decrease (5.85%)**	**Discount Rate (6.85%)**	**1% Increase (7.85%)**
Noncontributory System	$ 303,031	$ 71,652	$ (122,399)
Firefighters System	837,326	(384,752)	(1,381,213)
Tier 2 Public Employees System	82,447	27,604	(15,058)
Tier 2 Public Safety and Firefighter	1,087,962	319,060	(295,691)
Total	$ 2,310,766	$ 33,564	$ (1,814,361)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

NOTE 8 PENSION PLANS (Continued)

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) Plan, 457(b) Plan, Roth IRA Plan, and Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31 were as follows:

401(k) Plan	**2025**	**2024**	**2023**
Employer Contributions	$ 92,166	$ 60,602	$ 45,252
Employee Contributions	28,289	28,477	25,343
457 Plan			
Employer Contributions	$ -	$ -	$ -
Employee Contributions	11,024	2,936	2,779
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 4,260	$ 5,890	$ 11,050
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ -	$ 200	$ -

NOTE 9 TRANSACTIONS WITH PRIMARY GOVERNMENT

The District is a component unit of Washington County, Utah (the County). The District financed the purchase of two fire ladder trucks and a fire station with the County. The amount owed to the County at December 31, 2025 was $2,154,000 and the related debt service payments for the year then ended were $154,300.

The District has a receivable from the County for $1,976,633 at year end for property taxes the County collected on behalf of, but has yet to remit them to, the District. The total property taxes collected by the County and paid to the District during the year were $6,750,155.

The County has agreed to pay the District 4% of the Transient Room Taxes it collects in exchange for the District providing emergency medical services to Zion National Park. At year end, the District has a receivable from the County related to this agreement for $172,246 and received $592,086 in Transient Room Taxes from the County during the year.

The District leases two ambulances from the County under a no-cost leasing agreement.

NOTE 10 INSURANCE AND RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, property damage, destruction of assets, errors, omissions, injuries, and natural disasters. The District and its property are insured through Bringhurst-Leavitt Insurance Agency, Inc. The District is subject to a minimal deductible for claims.

NOTE 11 INTERFUND TRANSFERS

During the year ending December 31, 2025, the general fund transferred $1,000,000 to the capital projects fund for future capital needs.

REQUIRED SUPPLEMENTARY INFORMATION

HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget
Revenues				
Property taxes	$ 6,800,000	$ 6,800,000	$ 7,624,754	$ 824,754
Charges for services	3,727,500	5,037,500	5,138,903	101,403
Grants	5,500	9,100	9,037	(63)
Interest income	185,000	185,000	26,484	(158,516)
Contributions from other governments	630,000	630,000	619,823	(10,177)
Other income	30,000	30,000	15,487	(14,513)
Total Revenues	11,378,000	12,691,600	13,434,488	742,888
Expenditures				
Current:				
Fire and emergency medical operations:				
Personnel services	9,310,050	9,707,049	9,832,458	(125,409)
Supplies and utilities	122,100	124,100	114,478	9,622
Professional services	442,750	493,000	496,560	(3,560)
Operations and maintenance	1,107,500	1,389,500	1,413,865	(24,365)
Debt service	164,497	164,497	176,788	(12,291)
Total Expenditures	11,146,897	11,878,146	12,034,149	(156,003)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 231,103	$ 813,454	$ 1,400,339	$ (586,885)
Other Financing Sources (Uses)				
Transfers out	(225,000)	(1,000,000)	(1,000,000)	-
Total Other Financing Sources (Uses)	(225,000)	(1,000,000)	(1,000,000)	-
Net Change in Fund Balance	$ 6,103	$ (186,546)	400,339	$ (586,885)
Fund Balance, Beginning			4,383,894	
Fund Balance, Ending			$ 4,784,233	

HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – IMPACT FEE SPECIAL REVENUE FUND
For the Year Ended December 31, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with final budget
Revenues				
Impact fees	$ 600,000	$ 675,000	$ 699,372	$ 24,372
Interest income	-	516	159,083	158,567
Contributions from other governments	-	38,998	38,998	-
Total Revenues	600,000	714,514	897,453	182,939
Expenditures				
Debt service	365,000	365,000	329,311	35,689
Capital outlay	-	110,000	105,950	4,050
Total Expenditures	365,000	475,000	435,261	39,739
Net Change in Fund Balance	$ 235,000	$ 239,514	462,192	$ (222,678)
Fund Balance, Beginning			3,574,164	
Fund Balance, Ending			$ 4,036,356	

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
December 31, 2025 – Last 10 Measurement Dates

Measurement Date: December 31,	Noncontributory Retirement System	Firefighters Retirement System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement System
Proportion of the net pension liability (asset)				
2015	0.0049493%	1.1797390%	0.0017688%	0.0816561%
2016	0.0075955%	1.2359810%	0.0000000%	0.0971078%
2017	0.0085593%	1.2339138%	0.0019730%	0.4497034%
2018	0.0093666%	1.5895500%	0.0022766%	0.5038905%
2019	0.0099903%	1.7272487%	0.0027518%	0.5382150%
2020	0.0103378%	1.6446242%	0.0020895%	0.5082650%
2021	0.0204625%	1.6891890%	0.0055247%	0.5422954%
2022	0.0291721%	1.9714694%	0.0067830%	0.8496741%
2023	0.0276632%	2.0616035%	0.0106723%	0.7237474%
2024	0.0225954%	2.1904143%	0.0092557%	0.7054326%
Proportionate share of the net pension liability (asset)				
2015	$ 28,006	$ (21,367)	$ (4)	$ (1,193)
2016	48,772	(9,744)	-	(843)
2017	37,501	(77,064)	174	(55,203)
2018	68,973	206,399	975	12,625
2019	37,652	(214,213)	619	50,627
2020	5,303	(459,870)	301	45,588
2021	(117,191)	(985,163)	(2,338)	(27,409)
2022	49,964	(511,999)	7,386	70,884
2023	64,167	(483,847)	20,772	272,630
2024	71,652	(384,752)	27,604	319,060
Covered payroll				
2015	$ 39,998	$ 413,082	$ 11,422	$ 48,585
2016	70,203	503,377	-	80,233
2017	72,553	538,222	19,250	474,454
2018	79,244	692,671	26,600	672,571
2019	83,791	762,973	38,174	887,140
2020	86,540	741,168	33,475	1,011,966
2021	164,736	784,137	102,179	1,296,833
2022	238,854	974,501	147,233	2,614,334
2023	206,309	867,474	275,918	2,742,307
2024	165,561	1,006,515	274,405	3,220,100
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll				
2015	70.02%	-5.17%	-0.04%	-2.46%
2016	69.47%	-1.94%	0.00%	-1.05%
2017	51.69%	-14.32%	0.90%	-11.64%
2018	87.04%	29.80%	3.67%	1.88%
2019	44.94%	-28.08%	1.62%	5.71%
2020	6.13%	-62.05%	0.90%	4.50%
2021	-71.14%	-125.64%	-2.29%	-2.11%
2022	20.92%	-52.54%	5.02%	2.71%
2023	31.10%	-55.78%	7.53%	9.94%
2024	43.28%	-38.23%	10.06%	9.91%
Plan fiduciary net position as a percentage of the total pension liability (asset)				
2015	87.80%	101.00%	100.20%	110.70%
2016	87.30%	100.40%	95.10%	103.60%
2017	91.90%	103.00%	97.40%	103.00%
2018	87.00%	94.30%	90.80%	95.60%
2019	93.70%	105.00%	96.50%	89.60%
2020	99.20%	110.50%	98.30%	93.10%
2021	108.70%	120.10%	103.80%	102.80%
2022	97.50%	108.40%	92.30%	96.40%
2023	96.90%	106.79%	89.58%	89.10%
2024	96.02%	104.64%	87.44%	90.10%

HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS
December 31, 2025 – Last 10 Years

For the year ended December 31,	Noncontributory Retirement System	Firefighters Retirement System	Tier 2 Public Employees System **	Tier 2 Public Safety and Firefighter System **	Tier 2 Public Employees DC Only System **	Tier 2 Public Safety and Firefighter DC Only System **
Actuarial Determined Contributions						
2016	$ 12,966	$ 13,677	$ -	$ 8,625	$ -	$ -
2017	13,401	14,116	2,896	51,206	-	-
2018	14,636	21,066	4,078	74,798	-	-
2019	15,535	25,463	5,962	100,823	-	-
2020	15,984	24,735	5,438	129,136	719	6
2021	30,427	25,962	16,324	182,594	1,336	27
2022	43,473	28,968	24,149	368,098	4,595	33
2023	36,967	28,416	44,174	386,300	3,448	152
2024	29,048	23,439	42,856	454,156	2,019	586
2025	2,103	20,209	41,962	502,011	-	750
Contributions in relation to the contractually required Contributions						
2016	$ 12,966	$ 13,677	$ -	$ 8,625	$ -	$ -
2017	13,401	14,116	2,896	51,206	-	-
2018	14,636	21,066	4,078	74,798	-	-
2019	15,535	25,463	5,962	100,823	-	-
2020	15,984	24,735	5,438	129,136	719	6
2021	30,427	25,962	16,324	182,594	1,336	27
2022	43,473	28,968	24,149	368,098	4,595	33
2023	36,967	28,416	44,174	386,300	3,448	152
2024	29,048	23,439	42,856	454,156	2,019	586
2025	2,103	20,209	41,962	502,011	-	750
Contribution deficiency (excess)						
2016	$ -	$ -	$ -	$ -	$ -	$ -
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
Covered payroll						
2016	$ 70,203	$ 503,377	$ -	$ 80,233	$ -	$ -
2017	72,553	538,222	19,250	474,454	-	-
2018	79,244	692,671	26,600	672,571	-	-
2019	84,111	762,286	38,174	887,484	-	-
2020	86,540	741,168	34,603	1,011,966	10,753	8,065
2021	164,736	784,137	102,179	1,296,833	19,963	33,281
2022	238,704	974,501	150,623	2,614,334	72,033	41,058
2023	206,309	867,474	275,918	2,743,601	55,704	189,946
2024	165,561	938,783	274,405	3,225,548	32,617	331,266
2025	12,394	1,307,532	285,608	3,565,187	-	478,860
Contributions as a percentage of covered payroll						
2016	18.47%	2.72%	0.00%	10.75%	0.00%	0.00%
2017	18.47%	2.62%	15.04%	10.79%	0.00%	0.00%
2018	18.47%	3.04%	15.33%	11.12%	0.00%	0.00%
2019	18.47%	3.34%	15.62%	11.36%	0.00%	0.00%
2020	18.47%	3.34%	15.72%	12.76%	6.69%	0.07%
2021	18.47%	3.31%	15.98%	14.08%	6.69%	0.08%
2022	18.21%	2.97%	16.03%	14.08%	6.38%	0.08%
2023	17.92%	3.28%	16.01%	14.08%	6.19%	0.08%
2024	17.55%	2.50%	15.62%	14.08%	6.19%	0.18%
2025	16.97%	1.55%	14.69%	14.08%	0.00%	0.16%

*** Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*

HURRICANE VALLEY FIRE SPECIAL SERVICES DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 EXPENDITURES IN EXCESS OF BUDGET

Expenditures of the District's General Fund exceeded its budgeted appropriations by $156,003 for the year ended December 31, 2025.

NOTE 2 CHANGES IN ASSUMPTIONS – PENSION PLAN

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

SUPPLEMENTARY REPORTS

CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

To the Administrative Control Board
Hurricane Valley Fire Special Service District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Hurricane Valley Fire Special Service District (the District), component unit of Washington County, Utah, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 3, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 statements. 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*.

Hurricane Valley Fire Special Service District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Telephone (801) 590-2600 | 1285 S. 1650 W. Suite 200, Woods Cross, UT 84087

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

K&C, CPAs

Woods Cross, Utah
June 3, 2026

CERTIFIED PUBLIC ACCOUNTANTS
Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

To the Administrative Control Board
Hurricane Valley Fire Special Service District

Report on Compliance with State Requirements

Qualified and Unmodified Opinions

We have audited Hurricane Valley Fire Special Service District's (the District), component unit of Washington County, Utah, compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the State Auditor for the year ended December 31, 2025.

State compliance requirements were tested for the year ended December 31, 2025 in the following areas:

Budgetary Compliance
Fund Balance
Fraud Risk Assessment
Government Fees
Cash Management
Impact Fees
Special and Local Service District Board Members
Open and Public Meetings Act

Qualified Opinion on Special and Local Service District Board Members

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District's compliance with applicable regulations and statutes for the year ended December 31, 2025.

Unmodified Opinion on Each of the Other State Compliance Areas

In our opinion, Hurricane Valley Fire Special Service District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the District's compliance with applicable regulations and statues for the year ended December 31, 2025.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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Matters Giving Rise to Qualified Opinion on Local Service District Board Members

As described in the accompanying schedule of findings and recommendations, see item 2023-003, Hurricane Valley Fire Special Service District did not comply with requirements regarding the following:

Special and Local Service District Board Members:	Board member training not completed

Compliance with such requirements is necessary, in our opinion, for Hurricane Valley Fire Special Service District to comply with the requirements applicable to Special and Local Service District Board Members.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures Disclosed other instances of non compliance which are required to be reported in accordance with the guide and which are described In the accompanying schedule of findings and recommendations as item 2025-001. Our opinion on each compliance requirement referred to above is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* 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 to detect and correct, noncompliance with a state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2023-003 to be a material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2025-001 to be a significant deficiency.

Our consideration of internal control over compliance was for limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed above, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Hurricane Valley Fire Special Service District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this 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 requirements of the *State Compliance Audit Guide.* Accordingly, this report is not suitable for any other purpose.

K&C, CPAs

Woods Cross, Utah
June 3, 2026

INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001: Financial Close Procedures – *Reissued*

Condition: During our audit we noted several areas of the financial statements required material adjustments to bring them into compliance with generally accepted accounting principles as they relate to governmental entities.

Criteria: Utah Code Annotated (UCA) 17B-1-603 states: "The accounting records of each local district shall be established and maintained, and financial statements prepared from those records, in conformance with generally accepted accounting principles promulgated from time to time by authoritative bodies in the United States."

Cause: Reconciliations of accounts did not consider all factors related to the significant area.

Effect: Several material audit adjustments were required to be made to correct the financial statements. These adjustments impacted the following significant areas:

- Accounts receivable, net (including allowance for doubtful accounts)
- Intergovernmental receivables
- Accrued Liabilities
- Unavailable revenue

Recommendation: We recommend District staff prepare reconciliations for all significant balance sheet accounts in preparation of closing out the fiscal year. We also recommend the District implement policies or procedures to ensure the District's records are prepared in accordance with generally accepted accounting principles.

Management's Response: Management concurs with the auditor's findings and recommendations. It has been the district's practice over many years to rely on auditors to help identify needed adjustments; however, the items discovered this year by the auditors show that this practice is no longer acceptable. It is management's policy that all adjustments be reviewed by District staff monthly, and we will continue to perform monthly reconciliation of all subsidiary funds.

STATE COMPLIANCE

2023-003: Special and Local Service District Board Members – Proper Board Member Trainings – *Reissued*

Condition: During our testing we noted that the District did not hold certificates for their board members' completion of the Local District and Special Service District Board Member Trainings within a year of election or re-election.

Criteria: UCA 17B-1-312(1)(a)(b) states, "Each member of a board of trustees of a special district shall, within one year after taking office, complete the training described in Subsection (2). For the purposes of Subsection (1)(a), a member of a board of trustees of a special district takes office each time the member is elected or appointed to a new term, including an appointment to fill a midterm vacancy in accordance with Subsection 17B-1-303(5) or (6)." This training is one developed by the State Auditor and available on their website. Additionally, UCA 17B-1-312(4) states, "The state auditor shall issue a certificate of completion to each board member that completes the training described in Subsection (2)."

Cause: Board members did not provide copies of training certificates to management.

Effect: The District did not comply with the requirements of state law related to local districts.

Recommendation: We recommend the District ensure all the current members receive this training and their certificates of completion are kept on file.

Management's Response: Management acknowledges the auditor's findings and recommendations and will revise its policies and procedures to ensure that all board members receive the required training at the beginning of each calendar year. This issue has been corrected for the 2026 calendar year, and all required training has been completed. Management will continue to monitor compliance to ensure training requirements are met on an ongoing basis.

2025-001: Fraud Risk Assessment – Sufficient Supporting Documentation

Condition: During our testing the District could not provide sufficient documentation to support certain recommended measures claimed in its 2025 Fraud Risk Assessment filed with Office of the State Auditor.

Criteria: Chapter 1, Part F of the 2025 *State Compliance Audit Guide* directs the auditor to "determine that the entity has sufficient documentation to support its Risk Assessment."

Cause: This was an oversight by management.

Effect: The assessment score as calculated on the District's 2025 Fraud Risk Assessment may not be accurate.

Recommendation: We recommend the District retain appropriate support for measures claimed on its Fraud Risk Assessment.

Management's Response: Management concurs with the auditor's findings and recommendations and will ensure that all documentation and records related to the District's risk assessments are properly maintained and retained in accordance with applicable policies and requirements.

APPENDIX B

FORMS OF THE GENERAL INDENTURE AND THE MASTER LEASE

GENERAL INDENTURE OF TRUST

Dated as of August 1, 2026

between

LOCAL BUILDING AUTHORITY
OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
as Trustee

Local Building Authority
of Hurricane Valley Fire Special Service District, Utah
Lease Revenue Bonds

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GENERAL INDENTURE OF TRUST

THIS GENERAL INDENTURE OF TRUST dated as of August 1, 2026 (the "General Indenture"), between the LOCAL BUILDING AUTHORITY OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH, a nonprofit corporation duly incorporated, validly existing and in good standing under the laws of the State of Utah (the "Authority"), and Zions Bancorporation, National Association, a national banking association organized under the laws of the United States with its principal office located in Midvale, Utah, as trustee (the "Trustee"):

W I T N E S S E T H:

WHEREAS, the Administrative Control Board (the "Board") of Hurricane Valley Fire Special Service District, Utah (the "District") has organized the Authority solely for the purpose of (a) accomplishing the public purposes for which the District exists by acquiring, constructing, improving or extending any improvements, facilities or properties (whether real or personal) and appurtenances to them which the District is authorized or permitted by law to acquire, including, but not limited to, public buildings or other structures of every nature or any joint or partial interest in the same, which improvements, facilities, properties and appurtenances need not be situated within the boundaries of the District (collectively, the "Projects") and (b) financing or refinancing the costs of such Projects on behalf of the District in accordance with the procedures and subject to the limitations of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act"), including, but not limited to, the costs of refunding and retiring existing obligations, funding debt service reserves, and paying issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Act provides that the Authority may issue and sell its Bonds for the purposes described above; and

WHEREAS, the Bonds shall be secured by a pledge and assignment of certain base rentals (the "Base Rentals") received by the Authority under that certain Master Lease Agreement dated as of even date herewith between the Authority, as lessor, and the District, as lessee (the "Master Lease") and a purchase option price (the "Purchase Option Price"), if paid by the District, with respect to a Project under the Master Lease and will be further secured by the Security Documents (as defined herein); and

WHEREAS, pursuant to the Master Lease, the Authority has agreed to acquire, construct, improve and equip or to refinance one or more Projects and to lease the same to the District upon the terms and conditions set forth in the Master Lease; and

WHEREAS, pursuant to the provisions of a resolution of the District adopted on June 11, 2026 (the "District Resolution"), the District has authorized and approved the execution of the Master Lease and has authorized and approved certain actions to be taken by the Authority in connection with the financing or refinancing of the acquisition, construction, improvement and equipping (as applicable) of a Project or Projects, including, among other things, the execution, delivery and performance of this General Indenture and the issuance of the Bonds hereunder; and

WHEREAS, pursuant to the provisions of a resolution of the Authority adopted on June 11, 2026 (the "Authority Resolution"), the governing board of the Authority (the "Governing Board") has authorized, approved and directed the execution of the Master Lease and this General Indenture and has authorized and approved certain actions to be taken by the Authority in connection with the financing or refinancing of the acquisition, construction, improvement and equipping (as applicable) of a Project or Projects, including the issuance of the Bonds hereunder; and

WHEREAS, the Authority has determined that the Bonds shall be secured by this Indenture (as hereinafter defined) and as provided herein and has ascertained and determined that the provisions herein contained for protecting and enforcing the rights and remedies of the registered owners of such Bonds are reasonable, proper and in accordance with law, and that this Indenture is necessary to the performance of its duties and the execution of its powers under law, and does deem and determine all of the provisions herein contained to be reasonable and proper for the security of the registered owners of the Bonds; and

WHEREAS, all acts and things required by law and by the articles of incorporation and bylaws of the Authority necessary to make this Indenture a valid and binding trust instrument for the security of all Bonds duly issued hereunder have been done and performed and the execution and delivery of this Indenture have been in all respects duly authorized; and

WHEREAS, the Trustee has accepted the trust created and established by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS GENERAL INDENTURE OF TRUST WITNESSETH:

GRANTING CLAUSES

That the Authority, in consideration of the premises and the acceptance of the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Bondholders thereof, and of the sum of One Dollar, lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Authority of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and does hereby grant a security interest in, the following properties, rights, interests and privileges (collectively, the "Trust Estate") to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority hereinafter set forth:

GRANTING CLAUSE FIRST

The Authority's interest in the Projects, and any other interest, easements, licenses, rights and interests in real property hereafter acquired by the Authority for use in connection with the

Projects, together with all additions thereto and substitutions thereof, subject to the Permitted Encumbrances;

GRANTING CLAUSE SECOND

The improvements made as part or all of the Projects and all substitutions or replacements thereof and in general all property acquired by the Authority with the proceeds of the Bonds issued under and secured by this Indenture and substitutions and replacements thereof and any other property which under the terms of the Master Lease is to become the property of the Authority or be subjected to the lien of this Indenture or the Security Documents, subject to Permitted Encumbrances;

GRANTING CLAUSE THIRD

The equipment constituting a part of the Projects and any other interest in personal property hereafter acquired by the Authority for use in connection with the Projects, together with all additions thereto and replacements, renewals and substitutions therefor;

GRANTING CLAUSE FOURTH

The Master Lease, including all extensions and renewals of the term thereof, if any, the present and continuing right to make claim for, collect, receive and receipt for any of the Base Rentals, Additional Rentals, Purchase Option Price, if paid by the District, as applicable, with respect to a Project or Projects, sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Master Lease with respect to the Projects for deposit with the Trustee under this Indenture (except for amounts payable under Sections 6.3(d), 6.3(j), 13.3 and 14.5 thereof), to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority under the Master Lease or any lessor under the Master Lease is or may become entitled to;

GRANTING CLAUSE FIFTH

All moneys and securities from time to time held by the Trustee under the terms of this Indenture (except for moneys deposited with or paid to the Trustee for the payment of Bonds not then deemed Outstanding under the Indenture and the Rebate Fund) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Authority or by anyone on its behalf, or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms thereof;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto Trustee and its respective successors (for the benefit of the Bondholders) in said Trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms, conditions and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Bondholders of the Bonds, from time to time, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except as expressly provided therein, and for all Security Instrument Issuers and second, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and premium (including any make-whole additional payments), if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds, the Security Instrument Repayment Obligations and all Reserve Instrument Repayment Obligations according to the true intent and meaning thereof, and shall cause the payments to be made on the Bonds as required under Article IV hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon (as provided in Article VIII hereof), and shall well and truly cause to be kept, performed and observed all of its covenants and conditions pursuant to the terms of this Indenture, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS GENERAL INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the Base Rentals, Additional Rentals, Purchase Option Price, if paid by the District, with respect to a Project or Projects and other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as herein expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant with Trustee and with the respective Bondholders, Security Instrument Issuers and Reserve Instrument Providers as follows (subject, however, to the provisions of Section 2.3 hereof):

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All terms defined in Article I of the Master Lease shall have the same meaning in the Indenture unless otherwise indicated. In addition, unless the context otherwise requires, the terms defined in the recitals to this General Indenture set forth above and in this Article I shall, for all purposes of the Indenture and the Master Lease, have the meaning herein specified.

"Additional Bonds" means all Bonds (other than the Initial Bonds) issued under the Indenture pursuant to Section 2.14 hereof.

"Authority Representative" means the Chair/President or Vice President and Secretary-Treasurer of the Authority, and any other 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 District 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 District.

"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 Indenture.

"Beneficial Owner" means with respect to the Bonds, the person owning the Beneficial Ownership Interest therein.

"Beneficial Owner Interest" means the right to receive payments and notices with respect to the Bonds held in a book-entry system

"Bond Documents" means the Master Lease, the Security Documents and the Indenture.

"Bond Fund" means Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Bond Fund established under Section 5.2 hereof.

"Bond Registrar" means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the initial registrar for the Bonds pursuant to Section 2.8 hereof, and any additional or successor registrar appointed pursuant hereto.

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

"Bonds" means (i) the Initial Bonds, (ii) any Refunding Bonds issued pursuant to Section 2.13 hereof, and (iii) any Additional Bonds issued pursuant to Section 2.14 hereof.

"Chair/President" means the Chair/President (including any acting Chair/President) of the Authority.

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

"Construction Fund" means Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Construction Fund established under Section 5.5 hereof.

"Cost of Issuance Fund" means the fund established in Section 5.17 herein.

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

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

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

"Debt Service Reserve Fund" means the Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Debt Service Reserve Fund established under Section 5.4 hereof for the purpose of securing payment of Bonds issued under this Indenture.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to this Indenture, unless otherwise provided in the related Supplemental 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 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 this 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. 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.

"Direct Payments" means the interest subsidy payments received by the Authority from the Internal Revenue Service pursuant to Section 6431 and 1400U-2 of the Code or other similar programs (with respect to Bonds issued hereunder).

"District Representative" means the Chair, Vice Chair and District Clerk of the District and any other person at any time designated to act on behalf of the District 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 District or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The District Representative may be an officer or employee of the Authority or the District.

"Event of Default" means any occurrence or event specified in and defined by Section 9.1 hereof.

"General Indenture" means this General Indenture of Trust, by and between the Authority and the Trustee.

"Indenture" means this General Indenture and any Supplemental Indentures entered into in compliance with the provisions of Article XI.

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

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

"Investment Obligations" means any of the following securities:

(i) Direct Obligations;

(ii) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America: 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);

(iii) Money market funds rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P, including money market funds from which the Trustee or its affiliates receive fees for investment, advisory or other services to the fund;

(iv) 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;

(v) Bonds, notes or other evidences of indebtedness rated at the time of purchase "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;

(vi) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks 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);

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

(viii) Any investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code Annotated 1953, as amended.

“Master Lease” means the Master Lease Agreement dated as of even date herewith by and between the Authority, as lessor and the District, as lessee and any amendments and supplements thereto entered into in accordance with Article XII hereof.

“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.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated, registered and delivered by the Trustee under the 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 Sections 2.6, 2.7, and 2.12 hereof; and

(c) Bonds deemed paid under Article VIII of this General Indenture.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Section 2.8 hereof, and any additional or successor paying agent appointed pursuant hereto.

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

“Rebatable Arbitrage” shall mean with respect to any 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 Tax-Exempt 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 Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Rebate Fund established by Section 5.6 hereof

“Recovery Zone Bonds” means interest subsidy bonds issuable by the Authority under Sections 1400U-2 and 6431 of the Code and a “qualified bond” under Section 1400U-2(a) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

“Refunding Bonds” means all Bonds (other than the Initial Bonds) issued pursuant to Section 2.13 hereof.

"Regular Record Date" means the fifteenth day (whether or not a Business Day, as this term is defined in the Master Lease) 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, including all amendments thereto made hereafter.

"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 Provider 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.

"Reserve Instrument Agreement" means any agreement entered into by the Authority and a Reserve Instrument Provider pursuant to a Supplemental Indenture and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

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

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

"Reserve Instrument Fund" means the Local Building Authority of Hurricane Valley Fire Special Service District, Utah Reserve Instrument Fund established in Section 5.18 of hereof to be held by the Trustee and administered pursuant to Section 5.19 hereof.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into an account in 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.

"S&P" means S&P Global Ratings, 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.

"Secretary-Treasurer" means the Secretary-Treasurer (including any deputy or acting Secretary-Treasurer) of the Authority.

"Security Documents" means collectively the security documents described in each Supplemental Indenture.

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

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

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

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

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

"Serial Bonds" means those Bonds other than Term Bonds.

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

"Sinking Fund Account" means Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Sinking Fund Account of the Bond Fund established by Section 5.3 hereof.

"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 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 this General Indenture.

"State" means the State of Utah.

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

"Tax Credit Bonds" means the interest subsidy bonds issuable by the Authority under Sections 54AA and 6431 of the Code and a "qualified bond" under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

"Tax-Exempt Bonds" means Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes.

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

"Trust Estate" means the property conveyed to the Trustee pursuant to the Granting Clauses hereof.

"Trustee" means Zions Bancorporation, National Association, a national banking association 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 Indenture.

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

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

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

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

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

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

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

ARTICLE II

TERMS AND PROVISIONS OF BONDS; ADDITIONAL BONDS AND REFUNDING BONDS

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

Section 2.2 Description of Bonds; Payment.

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

(a) The Bonds of each Series issued hereunder shall be dated, shall bear interest calculated on the basis of a 360-day year consisting of twelve 30-day months (unless otherwise specified by Supplemental Indenture) at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of Bonds of such Series, and be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. The Bonds of each Series shall be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah [Taxable] Lease Revenue [Refunding] Bonds, Series," in each case inserting the year in which the Bonds are issued and an identifying Series letter or a project designation (if applicable).

(b) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, as at the respective time of payment, shall be legal tender for payment of public and private debts. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Bond Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed to the Registered Owner at his address as it appears on such registration books or to owners of $1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account within the United States designated by the Registered Owner in written instructions furnished to the Trustee (unless otherwise specified by Supplemental Indenture). The interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date and may be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof at the principal corporate trust office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

Section 2.3 Execution; Limited Obligation. The Bonds shall be executed on behalf of the Authority with the manual or official facsimile signature of its Chair/President or Vice Chair, countersigned with the manual or official facsimile signature of the Secretary-Treasurer, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Authority. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The Bonds shall not be general obligations but shall be special, limited obligations of the Authority payable solely out of and to the extent available from the Base Rentals, and, if paid by the District, the Purchase Option Price under the Master Lease and other amounts derived from the leasing of the Projects (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or to income from the temporary investment thereof and, under certain circumstances, to moneys held in funds or accounts by the Trustee, to Net Proceeds from insurance policies, performance bonds, condemnation awards and liquidation proceeds with respect to the Projects and from Direct Payments) and shall be a valid claim of the respective Bondholders thereof only against the Bond Fund, the Debt Service Reserve Fund and other moneys held by the Trustee and the Base Rentals, and other amounts derived from the leasing of the Projects under the Master Lease, which Base Rentals and other amounts are hereby pledged, assigned and otherwise secured for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds (including any make whole interest payments or redemption premiums on any Bonds), except as may be otherwise expressly authorized in the Indenture or in the Master Lease. The Authority shall not be obligated to pay the principal of such Bonds or the interest thereon or other costs incident thereto except from the moneys pledged therefor under the Indenture. The Bonds and the interest thereon shall never constitute an indebtedness of the District within the meaning of any constitutional limitation or statutory provision and shall not constitute or give rise to a pecuniary liability of the District or a charge against the general credit or taxing power of the District. Neither the District nor the Authority on its behalf has pledged the credit of the District to the payment of the Bonds, the interest thereon or amounts due or to become due under the Master Lease. The District shall not be obligated to appropriate Funds for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price under the Master Lease, and no judgment may be entered against the District in the event of an insufficiency of moneys to pay the principal of, premium, if any, and interest on the Bonds. The payment obligations of the District under the Master Lease are subject to annual renewal and will be terminated upon the occurrence of an Event of Nonappropriation. In such event, all payments from the District under the Master Lease will terminate, and the Bonds and the interest thereon will be payable solely from and to the extent of such moneys, if any, as may be held by the Trustee under the Indenture (except amounts held for the payment of Bonds not deemed Outstanding) and, subject to the provisions of Article IX hereof, any moneys made available from a liquidation of the Authority's interest in the Project financed with such Bonds subsequent to foreclosure of the lien of the Indenture and the Security Documents. No deficiency judgment subsequent to foreclosure of the lien of the Indenture and the Security Documents may be entered against the District or the Authority, and no breach of any provision of the Master Lease, the Security Documents or the Indenture shall impose any general obligation or liability upon or a charge against the District, the Authority or upon the general credit or taxing powers of the District. Except as expressly provided in the Master Lease, no judgment requiring a payment of money may be entered against the District under the Master Lease.

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

Section 2.4 Authentication and Delivery of Bonds.

(a) The Authority shall deliver executed Bonds of each Series to the Trustee for authentication and registration. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee and Bond Registrar shall authenticate and register, respectively, such Bonds, and deliver them upon the order of the Authority to the purchasers thereof upon the payment by the purchasers to the Trustee for the account of the Authority of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the Master Lease, and in the Supplemental Indenture executed in connection therewith.

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

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

(i) A copy, duly certified by the Secretary-Treasurer of the Authority, of the resolution of the Authority and a copy, duly certified by the District Clerk of the District, of the resolution of the District, each approving the execution and delivery of the instruments specified in Subparagraphs (ii) and (iii) below and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the Secretary-Treasurer and the District Clerk, respectively, that such proceedings are still in force and effect without amendments except as shown in such proceedings;

(ii) A copy, duly certified by the Secretary-Treasurer of the Authority, of (a) this General Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds and (b) the Master Lease (to the extent not theretofore so filed) and any amendments to the Master Lease executed in connection with such Supplemental Indenture and such Series of Bonds;

(iii) Original executed counterparts of the Security Documents identified in such Supplemental Indenture;

(iv) A request and authorization to the Trustee on behalf of the Authority and signed by an Authority Representative to authenticate and deliver the Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Authority, of a sum specified in such request and authorization. The proceeds of such payment shall be deposited with the Trustee as provided in the Master Lease and the Supplemental Indenture;

(v) (A) In the case of the Initial Bonds, an ALTA mortgagee title policy or policies, or commitment therefor, of mortgage title insurance in an aggregate amount equal to not less than the principal amount of the Initial Bonds insuring the lien of the Security Documents identified in the Supplemental Indenture, subject only to Permitted Encumbrances and (B) in the case of Additional Bonds and Refunding Bonds, the title insurance specified in Section 2.14(b) and Section 2.13(c) hereof, respectively; alternatively, for the situations described in both (A) and (B) (excluding Refunding Bonds), the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(vi) A written opinion of nationally recognized bond counsel, to the effect that (a) the Authority has authorized the execution and delivery of the General Indenture and Supplemental Indenture and such Series of Bonds, (b) the General Indenture and Supplemental Indenture have been duly executed and delivered by the Authority and are valid and binding agreements of the Authority; and (c) such Series of Bonds have been duly executed and delivered to the Trustee by the Authority and, upon authentication thereof by the Trustee pursuant to the Indenture and delivery thereof by the Trustee pursuant to the request referred to in Subparagraph (iv), will be valid and binding obligations of the Authority;

(vii) A written opinion of counsel to the District as to the legal, valid and binding nature of the Master Lease as against the District and such other matters as may be reasonably required by the purchasers of such Series of Bonds;

(viii) A written opinion of counsel to the Authority as to the legal, valid and binding nature of the Master Lease, the General Indenture, the Supplemental Indenture and the Security Documents as against the Authority and such other matters as may be reasonably required by the purchasers of such Series of Bonds;

(ix) Evidence that upon the issuance of such Bonds there will be on deposit in the Debt Service Reserve Fund an amount (including Reserve Instruments) at least equal to the Debt Service Reserve Requirement, if any, for all Bonds to be Outstanding immediately following the issuance of such Bonds;

(x) The items required by Section 2.13 in the case of Refunding Bonds and Section 2.14 in the case of Additional Bonds; and

(xi) Such other agreements, certificates, documents and opinions as are required to be delivered to the purchasers of such Series of Bonds or to the Security Instrument Issuers.

Section 2.5 Form of Bonds. For each Series of Bonds, the text of such Bonds, and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations not inconsistent with the terms hereof as may be necessary, desirable, authorized and permitted hereby.

Section 2.6 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination to that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Trustee evidence of such loss, theft or destruction satisfactory to the Authority and the Trustee, together in each case with an indemnity satisfactory to them. In the event any such Bond shall have matured or been redeemed or be approaching maturity, instead of issuing a duplicate Bond, the Authority may pay the same on or after the due date thereof without surrender thereof, making such requirements as it deems fit for its protection, including a lost instrument bond or other satisfactory indemnity. The Authority and the Trustee may charge the Bondholder of such Bond with their reasonable fees and expenses in this connection. Any Bond issued pursuant to this Section shall be deemed part of the Series of the Bonds in respect of which it was issued and an original additional contractual obligation of the Authority. This Section 2.6 is subject to additional stipulations as may be provided by Supplemental Indenture.

Section 2.7 Registration and Exchange of Bonds; Persons Treated as Owners. The Authority shall cause books for the registration and for the transfer of the Bonds to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Authority, provided, however, that the Authority may by Supplemental Indenture select a party other than the Trustee to act as Bond Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation (or as otherwise provided by the related Supplemental Indenture), accompanied by delivery of a written instrument of transfer in a form approved by the Bond Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the registrar. This Indenture shall constitute a "system of registration" for all purposes of the Registered Public Obligations Act, Title 15, Chapter 7, Utah Code Annotated 1953, as amended. Upon surrender for transfer of any Bond at the principal office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder or his attorney duly authorized in writing, the Authority shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new, fully registered Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond to be transferred. Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same Series and the same maturity. The execution by the Authority of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond upon such exchange. The Authority and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

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

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

Section 2.8 Designation of the Trustee as Bond Registrar and Paying Agent and Designation of Any Additional Paying Agents. The Trustee is hereby designated and agrees to act as Bond Registrar and Paying Agent for and in respect to the Bonds. The Authority hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of any additional paying agents and for the making available of moneys hereunder for the payment of such of the Bonds as shall be presented when due at the principal office of said additional paying agent.

Section 2.9 Cancellation. All Bonds which have been surrendered for payment (provided payment in full has actually been received by the Owners of such Bonds), redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Authority, shall be canceled and destroyed by the Trustee and shall not be reissued.

Section 2.10 Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the 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 hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within four (4) 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 of this Section are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

Section 2.11 Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4 hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.12 Temporary Bonds.

(a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 2.3 hereof, and upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations authorized by the Authority, and with such omissions, insertions and variations not inconsistent with the Indenture as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds (or as otherwise provided for in the related Supplemental Indenture), for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Registered Owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant hereto.

(a) If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the Registered Owner of any temporary Bond or Bonds may, at his option, surrender the same (or as otherwise provided for in the related Supplemental Indenture) to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, series and maturity of any other authorized denomination or denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered, shall deliver a temporary Bond or Bonds of like aggregate principal amount, series and maturity in such other authorized denomination or denominations as shall be requested by such Registered Owner.

(b) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

Section 2.13 Issuance of Refunding Bonds. 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 Refunding Bonds may be issued, authenticated and delivered for the purpose of refunding Bonds or other obligations of the Authority (with accompanying security documentation and pledge of refinanced property). The Refunding Bonds may be issued in one or more Series, shall be authenticated and registered 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 satisfaction of the conditions specified in Section 2.4 hereof and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, a supplement or amendment (if necessary) to the Security Documents and the 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 District 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 any 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 Indenture;

(a) If any of the Bonds being refunded were Tax-Exempt Bonds or were designated as Tax Credit Bonds qualifying for Direct Payments, a written opinion of nationally recognized bond counsel, to the effect that the exclusion from gross income of the interest on the Tax-Exempt Bonds being refunded or the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments, for federal income tax purposes, will not be adversely affected by the issuance of the Refunding Bonds being issued;

(b) 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 this 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 and issued with respect to the Project financed by the Bonds or other obligations to be refunded, is at least equal to the aggregate principal amount of all Bonds to be Outstanding with respect to such Project following said refunding and naming the Trustee as an insured; alternatively, the Authority may reasonably expect to be able to deliver the required mortgage title insurance following delivery of the related Series of

Bonds, provided that no proceeds of such Bonds shall be drawn out of the Construction Fund until such mortgage title insurance is delivered (except for costs of issuance related to such Bonds);

(c) (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 Article VIII hereof (or a comparable provision of the documents authorizing the obligations to be refunded even if not deemed paid for Cross-over Refunding Bonds); 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 ninety (90) 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); and

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

Section 2.14 Additional Bonds. 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 Bonds may be issued, authenticated and delivered for the purpose of financing Costs of Acquisition and Construction of a Project or Projects. The Additional Bonds may be issued in one or more Series, shall be authenticated by the Trustee and registered 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 satisfaction of the conditions specified in Section 2.4 hereof and there being filed with the Trustee:

(a) Original executed counterparts of a Supplemental Indenture, additional Security Documents or 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 District 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 any 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 Indenture;

(a) 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 additional Security Documents or 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 by 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 hereunder 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 following 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 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 (except for costs of issuance related to such Bonds);

(b) 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-Treasurer 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-2-301 of the Act; and

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

ARTICLE III

REDEMPTION PROVISIONS

Section 3.1 Redemption. The Bonds of a Series may be callable for redemption prior to maturity as provided in the Supplemental Indenture authorizing said Series of Bonds.

Section 3.2 Extraordinary Redemption. The Bonds of a Series shall be callable for redemption prior to maturity in whole on any date, if (i) the Project financed by such Series or a material portion thereof is damaged or destroyed or taken in a condemnation proceeding, or a material defect in the construction of said Project shall become apparent, or title to or the use of all or any material portion of said Project 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 or replacing such portion of said Project, and (iii) the District elects to discharge its obligation to repair and replace such portion of said Project 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 District with respect to said Project or Projects financed by such Series of Bonds under the Master Lease shall terminate and the District shall have no further obligation for the payment of Base Rentals and Additional Rentals with respect to said Project or Projects, and possession of said Project or Projects, as well as all right, title and interest of the District and the Authority in any funds or accounts created under the Indenture with respect to said Project or Projects shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents applicable to said Project or Projects may, subject to the limitations of Article IX hereof, be foreclosed and the Authority's interest in said Project or 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 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 by the Trustee to the redemption of the applicable Series of Bonds at the earliest date practicable. Any such redemption of said Series of Bonds shall be made upon payment of all or a prorated portion of the principal amount thereof plus accrued interest thereon to the redemption date. IN THE EVENT THE BONDS OF ANY SERIES ARE TO BE REDEEMED 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 BONDHOLDERS AGAINST THE AUTHORITY, THE DISTRICT, ANY SUBLESSEE OR THE TRUSTEE WITH RESPECT TO SAID SERIES OF BONDS. 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 District.

Section 3.3 Other Redemption Provisions. The Term Bonds of each Series may be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at the option of the Authority at such times and upon such terms as shall be fixed by such Supplemental Indenture. If fewer than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular Bonds or portions thereof, as determined in accordance with Section 3.7 herein, to be redeemed shall be selected by the Trustee in such manner as the Trustee, in its discretion, may deem proper in order to assure each Registered Owner of Bonds of such Series or maturity a fair opportunity to have their Bond or Bonds or portions thereof selected.

Section 3.4 Notice of Redemption.

(a) In the event any of the Bonds are to be redeemed, the Bond Registrar shall cause notice to be given as provided in this Section 3.4. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the paying agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Bond Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the Original Issue Date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of mailing of redemption notices and the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, provided that the

Registered Owner of such Bonds actually receives payment on said redemption date; and

(vii) the place where such 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.

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, to at least one national information service that disseminates notices of redemption of obligations such as the Bonds (which may be the Electronic Municipal Market Access System). Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, of the Bonds being redeemed with the proceeds of such check or other transfer.

(d) If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited and transmitted to the Registered Owners of said Bonds on the redemption date.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date. Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(f) In case any Bond is to be redeemed in part only and subject to Section 3.7 hereof, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 3.5 Redemption Payments. On or prior to the date fixed for redemption, moneys shall be deposited by the Authority with the Trustee to pay to the Paying Agent, and the Paying Agent is hereby authorized and directed to apply such moneys to the payment of the Bonds, or portions thereof called, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice, the deposit of moneys for redemption with the Paying Agent and the sending of said moneys by the Paying Agent to the Holders of the Bonds to be redeemed, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption and said Bonds shall cease to be entitled to any lien, benefit or security under the Indenture or the Security Documents, and the Bondholders of said Bonds shall have no rights in respect thereof except to receive payments of the redemption price thereof. Unless otherwise specified in a Supplemental Indenture, no payment shall be made by the Paying Agent upon any Bond or portion thereof called for redemption until such Bond or portion thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by Section 2.6 hereof with respect to any mutilated, lost, stolen or destroyed Bond.

Section 3.6 Cancellation. All Bonds which have been redeemed shall not be reissued but shall be canceled and destroyed by the Trustee in accordance with Section 2.9 hereof.

Section 3.7 Partial Redemption of Bonds. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Authority shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Authority, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. If less than all of the applicable Series of Bonds of any maturity are to be redeemed, the particular Bond or portion of Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate, unless otherwise specified in the applicable Supplemental Indenture. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of the authorized denomination of more than the authorized denomination to be redeemed will be in the principal amount of the authorized denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of the authorized denomination which is obtained by dividing the principal amount of such Bonds by the authorized denomination.

ARTICLE IV

GENERAL COVENANTS

Section 4.1 Payment of Principal and Premium, if any, and Interest. The Authority covenants that it will promptly pay the principal of and premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, but solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the District under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts pledged therefor which are from time to time held by the Trustee in the Bond Fund and the Debt Service Reserve Fund. The principal of and premium, if any, and interest on the Bonds are payable solely from the Trust Estate created by the Indenture, including the Base Rentals and, if paid by the District under the Master Lease, the Purchase Option Price with respect to a Project or Projects, and other amounts derived from the lease of the Projects and otherwise as provided herein, in the Security Documents, and in the Master Lease, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein and in the Master Lease specified, and nothing in the Bonds or in the Indenture shall be construed as pledging any other funds or assets of the Authority or the District. The Authority shall in no event be liable for the payment of the principal of and premium, if any, or interest on any of the Bonds or for the performance of any pledge, obligation or agreement undertaken by the Authority except to the extent that the moneys, properties, interests and assets constituting the Trust Estate are sufficient therefor.

Section 4.2 Performance of Covenants; Due Authority. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part contained in the Indenture, in the Master Lease, in the Security Documents, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority represents and warrants that it is duly authorized under its Articles of Incorporation, the Constitution and laws of the State, including the Act, to issue the Bonds authorized hereby and to execute the Indenture, to assign the Master Lease and to pledge the Base Rentals, the Purchase Option Price and other amounts hereby pledged in the manner and to the extent herein set forth, that all action required on its part for the issuance of the Bonds and the execution and delivery of the Master Lease, the Security Documents and the Indenture has been duly and effectively taken, and that the Bonds are and will be valid and enforceable special, limited obligations of the Authority according to the terms thereof and hereof.

Section 4.3 Ownership; Instruments of Further Assurance. The Authority covenants that it will own the Projects, and any property becoming a part of the Projects shall be acquired and kept, free of all liens and encumbrances, except Permitted Encumbrances. The Authority will defend the title to and interest in the Projects and each part thereof to the Trustee, for the benefit of the Bondholders against the claims and demands of all persons whomsoever, except for claims and demands arising from Permitted Encumbrances as provided in the Master Lease. The Authority will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee the Projects, the Base Rentals, Purchase Option Price and other amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Bonds. The Authority, except as herein and in the Master Lease or Security Documents provided, will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Projects or the Base Rentals, the Additional Rentals, the Purchase Option Price, the revenues and receipts therefrom or its rights under the Master Lease, together with any additions thereto and substitutions therefor, subject to Permitted Encumbrances.

Section 4.4 Perfection of Security Interest. The Indenture creates a valid and binding pledge and assignment of and security interest in all of the personal property pledged as part of the Trust Estate held by the Trustee under the Indenture in favor of the Trustee as security for payment of the Bonds and amounts owed to any Security Instrument Issuer or any Reserve Instrument Provider, enforceable by the Trustee in accordance with the terms thereof. Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code Annotated 1953, as amended, and is and shall be prior to any judicial lien hereafter imposed on the personal property pledged as part of the Trust Estate to enforce a judgment against the Authority on a simple contract.

Section 4.5 Inspection of Project Books. All books and records of the Authority wherever located relating to the Projects and the Base Rentals, the Additional Rentals, Purchase Option Price and other amounts derived from the Projects shall at all reasonable times be open to inspection by such accountants or other agents as the Trustee or Bondholders may from time to time designate.

Section 4.6 List of Bondholders. The Trustee shall keep a list of names and addresses of the Bondholders as from time to time registered on the registration books of the Authority maintained by the Trustee as Bond Registrar, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the District or by Bondholders (or a designated representative thereof) of 15% or more in aggregate principal amount of Bonds then Outstanding, such ownership and the authority of such designated representative to be evidenced to the satisfaction of the Trustee.

Section 4.7 Rights Under Master Lease. The Master Lease, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Authority and the District, including provisions that, subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Master Lease may not be effectively amended, changed, modified or altered without the written consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Authority and the District thereunder, and the Authority agrees that the Trustee in its name or in the name of the Authority may but shall not be obligated to enforce all rights of the Authority and all obligations of the District under and pursuant to the Master Lease for and on behalf of the Bondholders, whether or not the Authority is in default hereunder.

Section 4.8 Payment of Taxes, Charges, Insurance, etc.. The Authority shall cause the District pursuant to the Master Lease to maintain certain insurance and pay all lawful taxes, assessments and charges at any time levied or assessed against or with respect to the Projects, the Base Rentals, the Additional Rentals, the Purchase Option Price, the Net Proceeds and any and all other amounts held pursuant to the Indenture, or any part thereof, which might impair or prejudice the lien and property of the Indenture; provided, however, that nothing contained in this Section 4.8 shall require the maintenance of insurance or payment of any such taxes, assessments or charges if the same are not required to be maintained or paid under the provisions of the Master Lease. The Authority shall maintain such insurance and pay such taxes, assessments and charges to the same extent as provided in the Master Lease as if said provisions were herein set forth in full, if and to the extent that the District fails to maintain such insurance or pay such taxes, assessments or charges, but the liability hereby imposed on the Authority shall only be paid from the Trust Estate as herein provided. At least 30 days prior to the last day of each Fiscal Year, the Authority shall file or cause to be filed with the Trustee evidence of the insurance required pursuant to Article VII (if applicable at the time) and Article IX of the Master Lease for the next succeeding Fiscal Year. In the event that any required insurance will terminate or expire, the Authority shall file or cause to be filed with the Trustee evidence of a replacement policy (or self-insurance, if permitted under the Master Lease) at least 30 days prior to the termination or expiration date; provided, however, if a policy is terminated without notice to the Authority or the District (and the actions or omissions of the Authority or the District were not responsible for such termination), the Authority shall provide or cause to be provided to the Trustee evidence of a replacement policy within 20 days after such termination.

Section 4.9 Maintenance and Repair. Pursuant to the Master Lease, the District has agreed at its own expense to maintain, manage and operate the Projects in good order, condition and repair, and the District may, at its own expense, make from time to time additions, modifications or improvements to the Projects under the terms and conditions set forth in the Master Lease.

Section 4.10 Warranty. The Authority has the right, power and authority to grant a mortgage lien on the Projects to the Trustee pursuant to the Security Documents and to pledge and assign a security interest in the Trust Estate to the Trustee pursuant to the Indenture, all for the uses and purposes herein set forth. The Authority warrants that there is no financing statement or other filed or recorded instrument in which the Authority is named as, or which the Authority has signed as, debtor now on file in any public office covering any of the Trust Estate excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, or financing statements to be released in connection with the issuance of Bonds and that the lien and security interest herein created have been duly perfected and are prior to any other (other than the Permitted Encumbrances).

Section 4.11 Further Assurances. The Authority will, at the District's expense, do, execute, acknowledge and deliver all and every act, deed, conveyance, transfer and assurance necessary or proper for the perfection of the lien and security interest being herein provided for in the Trust Estate, whether now owned or held or hereafter acquired, including, but not limited to, such financing statements and continuation statements as shall be necessary under applicable law to perfect and maintain the security interest being herein provided for in the Trust Estate.

Section 4.12 Actions with Respect to Trust Estate. The Authority will not:

(b) Declare a default or exercise the remedies of the seller or lessor, as the case may be, under, or terminate, modify or accept a surrender of, or offer or agree to any termination, waiver, modification or surrender of, the Master Lease (except as otherwise expressly provided herein or in the Master Lease) or by affirmative act consent to the creation or existence of any lien or encumbrance (other than the security interest and lien of this Indenture and the Security Documents) to secure the payment of indebtedness upon the leasehold or other estate created by the Master Lease or any part of any thereof; or

(a) Receive or collect or permit the receipt or collection of any payment under the Master Lease prior to the date for the payment thereof provided for by the Master Lease or assign, transfer or hypothecate (other than to the Trustee hereunder) any revenues or other payment then due or to accrue in the future under the Master Lease in respect of the Projects; or

(b) Sell, mortgage, transfer, assign or hypothecate (other than to the Trustee hereunder) its interest in the Projects or any part thereof or interest therein or in any amount to be received by it from the disposition of the Projects except as herein provided under Article IX, and except as provided in the Master Lease and the Security Documents.

Section 4.13 Power of Attorney in Respect of the Master Lease. The Authority does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (a) to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under the Granting Clauses hereof, and (b) without limiting the provisions of the foregoing clause (a) hereof: during the continuance of any Event of Default under the Indenture, to exercise any remedies available under the Master Lease and the Security Documents as fully as the Authority could itself do, and to perform all other necessary or appropriate acts with respect to any such remedies, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Authority or otherwise, which the Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Trustee (but only to the extent specifically provided herein) in the Master Lease and to the Base Rentals, the Additional Rentals, the Purchase Option Price, the Net Proceeds and all other amounts payable under the Master Lease and other sums and the security intended to be afforded hereby, whether or not the Authority is in default hereunder.

ARTICLE V

REVENUES AND FUNDS

Section 5.1 Source of Payment of Bonds. The Bonds herein authorized and all payments by the Authority hereunder are not general obligations of the Authority but are special, limited obligations of the Authority payable solely as provided in Section 2.3 hereof.

The Projects have been leased under the Master Lease and the Base Rentals and the Purchase Option Price provided for in Sections 6.2 and 12.1, respectively, of the Master Lease are to be remitted directly to the Trustee for the account of the Authority and deposited in the Bond Fund and the Debt Service Reserve Fund along with all other moneys authorized or required to be deposited in the Bond Fund and Debt Service Reserve Fund under the Master Lease. Such Base Rentals and the Purchase Option Price are hereby pledged to such payment. Said pledge shall constitute a first and exclusive lien on the Base Rentals and the Purchase Option Price provided in the Master Lease for the payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with the terms hereof and thereof.

Section 5.2 Creation of Bond Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Bond Fund" (herein defined as the "Bond Fund"), which shall be used to pay the principal of and premium, if any, and interest on the Bonds.

Section 5.3 Creation of Sinking Fund Account. There is hereby created by the Authority and ordered established in the custody of the Trustee a separate account within the Bond Fund to be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Sinking Fund Account" (herein defined as the "Sinking Fund Account").

Section 5.4 Creation of Debt Service Reserve Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Debt Service Reserve Fund." By Supplemental Indenture, there may be established within the Debt Service

Reserve Fund a separate account for each Series of Bonds. (Said Debt Service Reserve Fund and applicable accounts therein are herein referred to as the "Debt Service Reserve Fund.")

Section 5.5 Creation of Construction Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Construction Fund." There is hereby created and ordered established in the custody of the Trustee a separate account within the Construction Fund for each Series of Bonds. (Said Construction Fund and applicable accounts therein are herein referred to as the "Construction Fund.")

Section 5.6 Creation of Rebate Fund. There is hereby created by the Authority and ordered established in the custody of the Trustee a special trust fund to be designated "Local Building Authority of Hurricane Valley Fire Special Service District, Utah, Rebate Fund" (herein defined as the "Rebate Fund").

Section 5.7 Creation of Funds. Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article V until such funds or accounts shall be utilized as provided in a Supplemental Indenture authorizing a Series of Bonds. By Supplemental Indenture the Authority may authorize the creation of additional funds and accounts within any funds.

Section 5.8 Use of Bond Fund.

(a) 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 Section 5.10 hereof; (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 District, that portion of the Purchase Option Price attributable to the retirement of the applicable Series of Bonds issued hereunder, as specified in the Master Lease; and (iv) any Direct Payments and all other moneys received by the Trustee under and pursuant to any of the provisions hereof 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 hereby covenants and agrees that so long as any of the Bonds issued hereunder 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 this 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.

(b) Except as provided in Section 5.15 herein, 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.

(c) The Bond Fund shall be in the custody of the Trustee but in the name of the Authority, and the Authority hereby 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 hereby accepts.

Section 5.9 Use of Sinking Fund Account.

(a) As required by Supplemental Indenture, the Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the 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 hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account). Sinking Fund Installments may also be collected in the Sinking Fund Account without redemption of Bonds prior to maturity.

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

Section 5.10 Use of Debt Service Reserve Fund.

(a) Except as otherwise provided in this Section, moneys in accounts within 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 available under the Reserve Instrument Coverage will be treated as an amount on deposit therein. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify that the amount, if any, of the Debt Service Reserve Requirement applicable to such Series which shall be deposited immediately upon the issuance and delivery of such Series either from (a) proceeds from the sale thereof or from any other legally available source or may be built up over time as provided by the Supplemental Indenture, or (b) by a Reserve Instrument, or (c) any combination thereof. Funds on deposit in accounts within the Debt Service Reserve Fund shall be used only to make up any deficiencies in accounts within the Bond Fund with respect to the related Series of Bonds.

(b) If on 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 of a Series for which an account of the Debt Service Reserve Fund has been established, the Trustee shall transfer, on or before such date, moneys from the applicable accounts within 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 for such Series of Bonds shall be sufficient to pay all interest, premium, if any, and principal payments then becoming due and payable on such date;

(c) 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 District under Section 6.2 of the Master Lease, including any interest owing on any draws on the Reserve Instrument.

(d) 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.

(e) In the event that the District 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 (other than any amount drawn under any Reserve Instrument) applicable to said Project or Projects to the Bond Fund in accordance with the written direction of the District.

(f) 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 District of such deficiency. Such account shall be replenished to the Debt Service Reserve Requirement upon the deposit by the Trustee of the additional Base Rental payment to be paid by the District pursuant to the Master Lease.

(g) Any moneys (other than any amount drawn under any Reserve Instrument) 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.

(h) If, following the payment of principal and interest due on a Series of Bonds on each Interest Payment Date, the moneys (other than any amount drawn under any Reserve Instrument) held in the related account of the Debt Service Reserve Fund exceed the related 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.

(i) 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.

Section 5.11 Use of Construction Fund; Disbursements.

(a) The moneys in the Construction Fund shall be expended in accordance with the provisions of the Master Lease and the Supplemental Indenture authorizing such Series of Bonds.

(b) 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 hereby authorized and directed to make each disbursement so requested by the District 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 Section 7.4 of the Master Lease, the Trustee shall file an account thereof with the Authority and the District.

Section 5.2 Completion of Project. Any balance remaining in the Construction Fund following the establishment of the Completion Date for a Project pursuant to the Master Lease (except amounts the District shall have directed the Trustee to retain for any Cost of Acquisition and Construction not then due and payable) shall at the direction of the District and the Authority, be used as provided in the related Supplemental Indenture.

Section 5.3 Rebate Fund and Arbitrage Rebate.

(a) When directed in writing to do so by the Authority, 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 Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for 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.

(c) 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 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: (1) 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 (2) 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 Indenture must be verified in writing by an independent public accountant or other qualified professional.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Authority and the District of the requirements of this Section. By agreeing to give this notice, 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 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.

(e) 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 of 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 required by this Section, the Trustee shall upon request, furnish to the Authority all information in the Trustee's control which is necessary for such computations.

(f) The Authority hereby 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 hereinabove, 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.

(g) The provisions of this Section may be amended or deleted, with respect to any or all Series of the Bonds, from this 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 (i) the exclusion from gross income of interest in the case of Tax-Exempt Bonds or (ii) the qualification of the Bonds for tax credits or Direct Payments in the case of Tax Credit Bonds.

Section 5.4 Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture or the Master Lease shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the payment of Bonds not then deemed Outstanding shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

Section 5.5 Repayment to the District from Bond Fund or Debt Service Reserve Fund. Any amounts remaining in the Bond Fund or the applicable account within the Debt Service Reserve Fund after payment in full of the principal of and premium, if any, and interest on the Bonds of a Series, the fees, charges and expenses of Trustee and all other amounts required to be paid hereunder (including amounts owed to a Security Instrument or a Reserve Instrument Provider) shall be paid immediately to the District as an overpayment of Base Rentals or Additional Rentals. In the event that Direct Payments are deposited with the Trustee after the District has made the related payment of Base Rentals, the District may elect to have the Trustee return to the District an amount equal to such Direct Payments or to have the Trustee retain the Direct Payments in the Bond Fund and take the credit with respect to the next required Base Rentals payment.

Section 5.6 Custody of Separate Trust Fund. The Trustee is authorized and directed to establish a separate trust fund after the Completion Date to hold all Net Proceeds from any insurance policies, performance bonds or condemnation awards and disburse such proceeds in accordance with the Master Lease, or if the District directs that the Net Proceeds be applied to redeem Bonds pursuant to the Master Lease, the Authority covenants and agrees to transfer all of the Net Proceeds in such fund to the Bond Fund and to redeem the Bonds as provided in the Indenture.

Section 5.7 Cost of Issuance Fund. The Trustee shall establish a Cost of Issuance Fund, into which shall be deposited upon delivery of a Series of Bonds, sufficient moneys to pay costs of issuance of such Series of Bonds. The Trustee shall disburse said moneys upon receipt of written authorization to pay costs of issuance executed by an Authority Representative. Any remaining moneys on deposit therein after payment in full of all costs of issuance shall be transferred by the Trustee to the Construction Fund, unless otherwise specified by Supplemental Indenture.

Section 5.8 Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund to be designated the "Local Building Authority of Hurricane Valley Fire Special Service District, Utah Reserve Instrument Fund" (herein defined as the "Reserve Instrument Fund"). By Supplemental Indenture, there may be established within the Reserve Instrument Fund a separate account for each Series of Bonds.

Section 5.9 Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid in order to reimburse or repay a Reserve Instrument Provider. The amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Authority to pay the amounts which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

ARTICLE VI

INVESTMENT OF MONEYS

Section 6.1 Trustee to Invest Funds. The District will direct the Trustee in investing amounts held in the funds created hereunder. Any moneys held as part of the Construction Fund, the Debt Service Reserve Fund, the Rebate Fund or any other fund shall be invested and reinvested by the Trustee in Investment Obligations at the written direction of the District in accordance with the provisions hereof and the Master Lease; provided, however that in the absence of such written direction, the Trustee shall hold such moneys in cash, uninvested. 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.

Section 6.2 Method of Valuation and Frequency of Valuation. 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 valuation conducted annually by the Trustee.

ARTICLE VII

RIGHTS OF THE DISTRICT

Section 7.1 Subordination of Master Lease to Indenture; Certain Rights to District. As provided in the Master Lease, the Master Lease and the District'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 Indenture; provided, however, that so long as no Event of Default hereunder 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 District 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 this Indenture and the rights and privileges hereunder of the Trustee and Bondholders are specifically made subject and subordinate to the rights and privileges of the District 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 District 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 District to enjoy such rights and privileges, including without limitation, those referred to in Section 7.2 hereof.

Section 7.2 Granting of Rights in and to the Projects. Reference is made to the provisions of the Master Lease, whereby the Authority and the District have reserved the right to grant rights in and to certain portions of the Projects and to withdraw portions of the Projects from the terms of the Master Lease and the lien of this Indenture and the Security Documents upon compliance with the terms and conditions of the Master Lease, unless otherwise provided by Supplemental Indenture.

Section 7.3 Release of Equipment Forming a Part of the Projects. Reference is made to the provisions of the Master Lease, whereby the District, 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, unless otherwise provided by Supplemental Indenture.

Section 7.4 Release of Portions of Project Upon Payment of Related Series of Bonds. Pursuant to the Master Lease the District 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 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 Indenture and the Master Lease and transferred to the District if (a) the District shall deposit with the Trustee and the Trustee shall send to the applicable Bondholders the Purchase Option Price for such Project; and (b) if any of the related Series of the Bonds are Tax-Exempt Bonds or Tax Credit Bonds qualifying for Direct Payments, 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, if applicable, from the federal gross income of the owners thereof or affect the status of the Bonds as Tax Credit Bonds qualifying for Direct Payments.

For purposes of this Section 7.4 the Authority may, in the Supplemental Indenture authorizing a Series of Bonds, designate a subseries of such Series of Bonds with respect to any discrete portion of a Project financed with such Series of Bonds and in the Master Lease or an amendment to Master Lease provide for a separate schedule of Base Rental payments and Purchase Option Price for such subseries. The District shall be entitled to the option to purchase such discrete portion of a Project upon payment of the related Purchase Option Price for such portion of the Project and compliance with the provisions of the preceding paragraph.

ARTICLE VIII

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 Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due according to the provisions hereof and any Supplemental Indenture (including any make whole interest payment or redemption premiums), then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Authority and the District 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 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 this Article and for all purposes of the 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 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 as verified by a Certified Public Accountant, 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 hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, 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 Article III of this General Indenture, or in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty 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 Article III hereof, 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 this Article VIII, 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 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 this Article VIII may at the direction of the Authority also be invested and reinvested in Direct Obligations, maturing in the amounts and at times as hereinbefore set forth, and all income from all Direct Obligations pursuant to this Article VIII 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 hereby covenants that no deposit will be made hereunder and no use made of any such deposit which would cause the Tax-Exempt Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Notwithstanding any provision of any other Article of the Indenture which may be contrary to the provisions of this Article, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article VIII 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.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF THE TRUSTEE AND BONDHOLDERS

Section 9.1 Events of Default. If any of the following events occur, it is hereby declared to constitute an "Event of Default" under this 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 (other than the event contemplated in Section 3.4(d) herein, which shall not be an Event of Default);

(c) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Authority contained in the Indenture or in the Bonds and failure to remedy the same after notice thereof pursuant to Section 9.13 hereof;

(d) The occurrence of an event of default under the terms of any of the other Bond Documents on the part of either the Authority or the District;

(e) The Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder;

(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 sixty 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 sixty days from the date of entry of such order, judgment or decree;

(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 sixty days from the date of assumption of such custody or control; or

(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.

Section 9.2 Acceleration, Limitation on Remedies. Upon the occurrence and continuation of an Event of Default, the Trustee shall (subject to (a) the applicable provisions of the related Supplemental Indenture and (b) the rights of any Security Instrument Issuer contained in a Supplemental Indenture) have all the rights and remedies with respect to the Trust Estate as the Authority, as lessor, has against the Projects and the District 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 herein provided, 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 this Article IX or given in the Security Documents or under a judgment, order or decree made in any judicial proceedings for the foreclosure or enforcement of this 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.

Notwithstanding anything to the contrary contained in the Indenture, no deficiency judgment upon foreclosure of the lien of the Indenture or of the Security Documents against the Projects may be entered against the District or the Authority, and no breach of any provision of the Master Lease, the Security Documents or this Indenture shall impose any general obligation or liability upon or a charge against the District or the Authority or upon the general credit or taxing powers of the District. Additionally, no judgment requiring a payment of money may be entered against the District 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, Utah Code Annotated 1953, as amended, recover from the District (a) the portion of Base Rentals and Additional Rentals (including amounts owed to any Security Instrument Issuer and any Reserve Instrument Provider) which are or would otherwise have been payable under the Master Lease during any period in which the District continues to use, occupy and operate a Project or Projects or any portion thereof; and (b) Base Rentals and Additional Rentals which are or would otherwise have been payable by the District under the Master Lease during the remainder, after the District 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 District had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; provided, however, that the Authority shall be obligated to the District to use its best efforts to lease or sublease the 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 District under this clause (b).

Notwithstanding anything contained herein to the contrary, the rights and privileges of the Trustee and the Bondholders are subject to the right of the District 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 District in writing of the occurrence of an Event of Default, and allowing the District ninety days from the mailing of such notice to exercise its option and purchase the Project or Projects.

Section 9.3 Surrender of Possession of Projects; Rights and Duties of Trustee in Possession. Subject to Section 9.2 hereof, upon the occurrence and continuation of an Event of Default under the Indenture, the Authority, upon demand of the Trustee, shall forthwith surrender possession of the Projects, 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 wise. 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 District which may be retained in the Project site or sites in the event any ground lease may be executed between the Authority and the District) to satisfy the obligations of the Authority under the 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 hereunder, and any taxes and assessments and other charges prior to the lien of the Indenture and the Security Documents which the Trustee may deem it wise to pay, and all expenses of such repairs and improvements, and apply the remainder of the moneys so received in accordance with the provisions of Section 9.8 hereof. Whenever all that is due upon the Bonds and all other obligations secured hereby 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 and the District and, at the request and at the expense of any Bondholder, at its address set forth in the registration book required by Section 4.6 hereof, 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 and any Security Instrument Issuer.

Section 9.4 Other Remedies; Rights of Bondholders. Except as otherwise limited by the provisions of the Indenture and subject to the rights of any Security Instrument Issuer, upon the occurrence of an Event of Default under the Indenture, the Trustee may, upon being satisfactorily indemnified, 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.

Subject to Section 9.5, if an Event of Default shall have occurred under the 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 Section 10.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 9.4 and by Section 9.2 hereof, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the 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 hereunder 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 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 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 hereunder, 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.

Notwithstanding anything contained herein or in the Security Documents to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The term “Environmental Law” shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto. The term "Hazardous Substances" shall mean any chemical, substance or material classified or designated as hazardous, toxic or radioactive, or other similar term, and now or hereafter regulated under any Environmental Law, including without limitation, asbestos, petroleum and hydrocarbon products. If the approval of a government regulator shall be a condition precedent to taking any foreclosure action, then the Trustee shall not be required to take such action until such approval is obtained.

Section 9.5 Right of Bondholders to Direct Proceedings. Except as otherwise provided by Supplemental Indenture, 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 Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture and such bondholders have provided the Trustee indemnification as it is provided in Article X. Unless indemnified therefore, the Trustee shall have the right to decline to follow any direction of Bondholders that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee or to Bondholders not parties to such direction, that would expose the Trustee to unreasonable liability or financial exposure or that is not in accordance with law or the provisions of this Indenture, shall be entitled to rely without further investigation or inquiry upon any direction given by the Owners of a majority in aggregate principal amount of the Bonds Outstanding, and shall not be responsible for the propriety of or liable for the consequences of following any such direction. Notwithstanding anything to the contrary contained herein, unless indemnified therefor, the Trustee shall not be required to foreclose the lien of the Security Documents or bid on behalf of Bondholders at any foreclosure sale (a) if, in the Trustee's sole discretion, such action would subject the Trustee to personal liability for the cost of investigation, removal and/or other remedial activity with respect to Hazardous Substances or (b) if the presence of Hazardous Substances on the property subject to the lien of the Security Documents results in such property having no or nominal value. It is acknowledged and agreed that the Trustee has no authority to manage, own or operate the Project, or any portion thereof, except as necessary to exercise remedies upon default.

Section 9.6 Appointment of Receivers. Upon the occurrence of an Event of Default under the 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 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.

Section 9.7 Waiver. Upon the occurrence of an Event of Default under the 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 appraisement, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the 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.

Section 9.8 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article 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, including any Trustee fees and the fees and expenses of its counsel, be deposited in the Bond Fund and all moneys in the Bond Fund (except as otherwise provided herein or in a Supplemental Indenture) 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 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, or rate as otherwise specified in the applicable Supplemental Indenture, 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, or rate as otherwise specified in a related Supplemental Indenture 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 this Article IX then, subject to the provisions of Section 9.8(b) hereof 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 in accordance with the provisions of Section 9.8(a) hereof.

(d) Following the payment of amounts due with respect to the Bonds, remaining amounts shall be applied to the payment of all obligations then due and payable to any Security Instrument Issuer or Reserve Instrument Provider in connection with any Security Instrument or applicable Reserve Instrument, respectively.

Whenever moneys are to be applied pursuant to the provisions of this Section 9.8, 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, provided the Trustee sends the money to the Bondholders. 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 (unless otherwise specified by Supplemental Indenture).

Whenever the principal of and premium, if any, and interest on all Bonds and all Reserve Instrument Repayment Obligations have been paid under the provisions of this Section 9.8 and all fees, expenses and charges of the Trustee and its counsel have been paid, any balance remaining in the Bond Fund shall be paid to the District as provided in Section 5.15 of this General Indenture as overpayment of Base Rentals.

Section 9.9 Remedies Vested in the Trustee All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Bondholders, and any recovery of judgment shall be for the equal and ratable benefit of the Bondholders of the Outstanding Bonds.

Section 9.10 Rights and Remedies of Bondholders. Unless otherwise provided by Supplemental Indenture, no Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 10.1(h) hereof, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an Event of Default under the 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 either to proceed to exercise the powers hereinbefore granted 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 Section 10.1(l) hereof, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy hereunder; 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 Indenture by its, his, her or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the Bondholders of all Bonds then Outstanding. However, nothing contained in the 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 hereunder to the respective Bondholders thereof at the time, place, from the source and in the manner in the Bonds expressed.

Section 9.11 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, 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.

Section 9.12 Waivers of Events of Default. The Trustee may, with the consent of all Security Instrument Issuers and upon the written direction of Security Instrument Issuers insuring a majority of the Bonds then Outstanding or, if some Bonds are uninsured, any combination of Bondholders and Security Instrument Issuers representing a majority of the Bonds then Outstanding, waive any Event of Default under the 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 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 fees and expenses of the Trustee and its counsel, 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, the Security Instrument Issuers 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 hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon. This Section 9.12 is subject to additional stipulations as may be provided by Supplemental Indenture.

Section 9.13 Notice of Events of Default under Section 9.l(c); Opportunity of the Authority and the District to Cure Such Events of Default. Anything herein to the contrary notwithstanding and except as otherwise provided by Supplemental Indenture, no default under Section 9.1(c) hereof shall constitute an Event of Default under the Indenture until actual notice of such default by registered or certified mail shall be given to the Authority and the District 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 District shall have had thirty 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 Indenture if corrective action is instituted by the Authority and the District within the applicable period and diligently pursued, to the satisfaction of the Trustee until the default is corrected (provided that no such grace period shall exceed 90 days unless the Security Instrument Issuers shall have consented thereto).

With regard to any default concerning which notice is given to the Authority and the District under the provisions of this Section 9.13, the Authority hereby grants the District full authority for account of the Authority to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts and with power of substitution.

Section 9.14 Cooperation of Authority. The Authority covenants and agrees that should there be an Event of Default under the Master Lease with the result that the right of possession of the Projects is returned to the Authority, the Authority shall fully cooperate with the Trustee and with the Bondholders to fully protect the rights and security of the Bondholders and shall diligently proceed in good faith and, if requested by the Trustee or any Bondholder, shall use its best efforts to secure a purchaser or another lessee of the Projects so that at all times sufficient rents and other amounts will be derived from the Projects promptly to meet and pay the principal of and premium, if any, and interest on the Bonds as the same become due and payable, as well as to cover the cost of all Additional Rentals with respect to the Projects required under the Master Lease. Nothing herein shall be construed as requiring the Authority to operate the Projects or to use any funds or revenues from any source other than the rents and other amounts derived from the Projects.

Section 9.15 Limitation on Remedies and Acceleration During Acquisition and Construction of Portions of Projects. Notwithstanding the provisions of this Article IX or other provisions of the Indenture, the Master Lease 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 District 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 District 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 account 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 account 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 9.15; and

(e) The Trustee shall not proceed to exercise any remedies under the Indenture or the Security Documents relating to the Completed Portion of the Projects with respect to the Event of Default described in this Section 9.15.

ARTICLE X

THE TRUSTEE

Section 10.1 Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default under the Indenture and after the curing of all Events of Default under the Indenture which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred under the Indenture (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Indenture and use the same degree of care and skill in their exercise, as a corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.

No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that (i) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(A) The duties and obligations of the Trustee shall be determined solely by the express provisions of the Indenture, and the Trustee shall be liable only for the performance of such duties and obligations as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee; and

(B) In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee conforming to the requirements of the Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they, on their face, conform to the requirements of the Indenture;

and (ii) the Trustee shall not be liable for any other judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same appointed in accordance with the standard specified above, and shall be entitled to advice of counsel (including its own in-house counsel) concerning its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority or the District), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or inaction in good faith in reliance upon such opinion or advice.

(c) Except for those pertaining to it, the Trustee shall not be responsible for any recital herein or in any official statement or in the Bonds (except with respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the Projects or collecting any insurance moneys, or for the validity of the execution by the Authority of the Indenture, or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of title of the Projects or any lien waivers with respect to the Projects; provided, however, that the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Authority or on the part of the District under the Master Lease in connection with the matters referred to in Article XIV of the Master Lease, except as hereinafter set forth; but the Trustee may require of the Authority or the District full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed and the Trustee shall not be responsible for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Bondholder of any Bonds, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by the Authority Representative or the District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Section 10.l(h) hereof, or of which by said Section 10.l(h) it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of any of the officers of the Authority who have executed the Bonds (or their successors), and of any member of the governing body of the District, to the effect that a resolution in the form therein set forth has been adopted by the Authority or the District, as the case may be, as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

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

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture except an Event of Default under Section 9.l(a) or 9.l(b) hereof or the failure by the Authority to cause to be made any of the payments to the Trustee required to be made by Article IV hereof or failure by the Authority, any Security Instrument Issuer or the District to file with the Trustee any document required by the Indenture or the Master Lease to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Holders of at least 25% in aggregate principal amount of any Series of Bonds then Outstanding (or as otherwise provided by Supplemental Indenture), and all notices or other instruments required by the Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(i) At any and all reasonable times the Trustee and the Bondholders, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books and records of the Authority pertaining to the Projects and the Bonds, and to take such memoranda from and with regard thereto as may be desired.

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

(k) Notwithstanding anything elsewhere in the Indenture with respect to the authentication of any Bonds, the withdrawal of any cash or the taking of any action whatsoever, within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certifications, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing the right of the Authority to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(l) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Bondholders, pursuant to the provisions of the Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity acceptable to it against the fees, costs, expenses and liabilities, including fees and expenses of its counsel, which may be incurred therein or thereby.

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

(n) [In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.]

Section 10.2 Fees, Charges and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder 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 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.

Section 10.3 Notice to Bondholders. The Trustee shall give to the Bondholders notice of each default hereunder [actually] known to the Trustee (or of which the Trustee is deemed to have notice by Section 10.l(h) hereof) within fifteen (15) days after the occurrence thereof, unless such default shall have been remedied or cured before the giving of such notice. Each such notice of default shall be given by the Trustee by mailing written notice thereof to all Bondholders of Bonds then outstanding whose names appear on the list of Bondholders as provided in Section 4.6 hereof.

Section 10.4 Intervention by the Trustee. In any judicial proceeding to which the Authority is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interest of owners of the Bonds, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the Bondholders of at least 25% of the aggregate principal amount of Bonds then Outstanding.

Section 10.5 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor to the Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.6 Resignation by the Trustee. The Trustee and any successor to the Trustee may at any time resign from the trusts herein created by giving sixty (60) days' written notice by registered or certified mail to the Authority and to the Bondholders of each Bond as shown by the list of Bondholders required by Section 4.6 hereof to be kept by the Trustee, and such resignation shall take effect only upon the appointment of a successor Trustee by the Bondholders or by the Authority; provided, however that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 10.7 Removal of the Trustee. The Trustee may be removed by the Authority at any time, by an instrument or concurrent instruments in writing delivered to the Trustee, provided that such instrument or instrument concurrently appoint a successor Trustee meeting the qualifications set forth herein.

Section 10.8 Appointment of Successor Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Authority by an instrument or concurrent instruments executed by its Chair/President or Vice President and attested by its Secretary-Treasurer under its seal (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the

Authority by an instrument executed by the Chair/President or Vice President and attested by the Secretary-Treasurer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Authority shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners). The original Trustee and every such Trustee appointed pursuant to the provisions of this Section 10.8 shall be a trust company or bank in good standing located in or incorporated under the laws of the State duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than Seventy-Five Million Dollars ($75,000,000).

Section 10.9 Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority and the District an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Authority, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article X, shall be filed or recorded by the successor Trustee in each recording office where the Indenture shall have been filed or recorded. Additionally, all substitutions of Trustee under the Security Documents shall be filed or recorded in accordance with the laws of the State.

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

Section 10.10 Right of the Trustee to Pay Taxes and Other Charges. In case any tax, assessment, governmental or other charge upon, or insurance premium with respect to, any part of a Project or Projects is not paid as required herein or in the Master Lease or the Security Documents, the Trustee may pay such tax, assessment, governmental or other charge, or insurance premium, without prejudice, however, to any rights of the Trustee or the Bondholders arising in consequence of such failure; and any amount at any time so paid under this Section 10.10, with interest thereon from the date of payment at a rate per annum equal to the then prevailing one-month U.S. Federal Treasury Rate as of the date of payment, but in no event less than a rate of 3.5% per annum, shall become so much additional indebtedness secured by the Indenture, and the same shall be given a preference in payment over any of the Bonds, and shall be paid out of the proceeds of Base Rentals or Additional Rentals collected from the Projects, if not otherwise caused to be paid; but the Trustee shall not be under any obligation to make any such payment unless it shall have been requested to do so by the Bondholders of at least 25% of the aggregate principal amount of Bonds then Outstanding and shall have been provided with adequate funds for the purpose of such payment.

Section 10.11 Appointment of Co-Trustee. It is the purpose of the Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as the Trustee in such jurisdiction. It is recognized that in case of litigation under the Indenture, the Master Lease, or the Security Documents, and in particular in case of the enforcement of either upon an Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or Co-Trustee. The following provisions of this Section 10.11 are adapted to these ends.

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

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

Section 10.12 Trustee Not Responsible for Actions of Authority. The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its officers, employees or agents to make any collections or deposits, or to perform any act herein required of the Authority or its officers, directors, employees or agents. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred so long as such actions were done in strict conformance in accordance with the provisions of the Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 10.13 Trustee's Right to Own and Deal in Bonds. The bank or trust company acting as Trustee under the Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by the

Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under the Indenture.

Section 10.14 Requirements as to Trustee's Records. So long as any of the Bonds shall remain outstanding:

(a) the records of the Trustee pertaining to the Bonds and to the Trustee hereunder shall be available to and open for inspection at all reasonable times by the Bondholders (at no cost or expense to the Bondholders), the Authority, the District and all other governmental bodies legally entitled to inspect such records, and

(b) the Trustee shall retain in its possession all financial statements furnished to it pursuant to the Indenture. The Trustee shall transfer to any successor trustee copies of the records of the Trustee pertaining to the Bonds.

Section 10.15 Trustee's Own Funds. No provision of the Indenture or of the Bond Documents shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 10.16 Direct Payment Authorization. (a) The Authority hereby authorizes and directs the Trustee to take all necessary actions to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Authority under Sections 54AA, 1400U-2, and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized. In connection with such application and acceptance of Direct Payments, the Authority shall provide to the Trustee (i) a copy of the executed Form 8038-TC filed in connection with the issuance of the Bonds, (ii) an incumbency certificate listing the officers of the Authority authorized to act on behalf of the Authority under this Indenture and (iii) such other instruments, opinions and certificates as the Trustee may reasonably request. Upon receipt of any Direct Payments, the Trustee shall promptly deposit such payment in the Bond Fund for use in paying debt service on the Bonds. Failure by the Trustee to prepare or file the Form 8038-CP shall not affect any payment obligations of the Authority hereunder. The Authority hereby authorizes and directs the Trustee to prepare and file the IRS Form 8038-CP as may be required from time to time under the Code as are within its power and are requested by and at the expense of the Authority and agreed to by the Trustee, to request the Direct Payments. The Form 8038-CP shall authorize the Direct Payments requested in accordance with this clause (a) to be paid to the Trustee.

(b) For fixed rate bonds, at least ninety (90) days prior to each Interest Payment Date with respect to the Bonds, the Trustee shall deliver to the Authority by a delivery method that provides the Trustee with evidence of delivery a completed Form 8038-CP, which is to be signed by an Authority Representative. The form and the certification shall be sent to the attention of an Authority Representative for the Authority's signature. The Authority shall return such signed Form 8038-CP to the Trustee not later than eighty (80) days prior to each Interest Payment Date with respect to the Bonds, by a delivery method which provides the Authority with evidence of delivery. Not more than ninety (90) and not less than seventy (70) days prior to each Interest Payment Date for the Bonds, the Trustee shall file, or cause to be filed a Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, or take such other or additional actions as may be required from time to time under the Code as are within its power and are requested by the Authority and agreed to by the Trustee, to request the Direct Payments with respect to such Interest Payment Date. Upon completion of filing, the Trustee shall deliver a copy of such Form 8038-CP to the Authority.

(c) For variable rate bonds, no more than five (5) days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested, the Trustee shall deliver to the Authority by a delivery method that provides the Trustee with evidence of delivery a completed Form 8038-CP, which is to be signed by an Authority Representative. The form and certification shall be sent to the attention of an Authority Representative. The Authority shall return such signed Form 8038-CP to the Trustee not later than twenty (20) days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested with respect to the Bonds, by a delivery method which provides the Authority with evidence of delivery. Not more than 35 days after the last Interest Payment Date within the calendar quarter period for which reimbursement is being requested, the Trustee shall file or cause to be filed a Form 8038-CP with the Internal Revenue Service Center, Ogden, Utah 84201, or any successor location specified by the Internal Revenue Service, or take such other or additional actions as are within its power and are requested by the Authority and agreed to by the Trustee, to request the Direct Payments with respect to such prior Interest Payment Dates. Upon completion and filing, the Trustee shall deliver a copy of such Form 8038-CP to the Authority.

Section 10.17 [U.S.A. Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.]

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.1 Supplemental Indentures Not Requiring Consent of Bondholders. The Authority and the Trustee may (subject to the rights of any Security Instrument Issuer under any Supplemental Indenture), without consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the general terms and provisions hereof for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in the 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 Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any indenture supplemental hereto in such matter as to permit the qualification hereof and thereof under the Trust 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 Trustee or a Co-Trustee or paying agent or the succession of a new Trustee or paying agent hereunder;

(f) To issue the Initial Bonds, Refunding Bonds or Additional Bonds in accordance with the Indenture and the Master Lease; and

(g) To make any other change which, in the judgment of the Trustee is not materially adverse to the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the Holders of the Bonds.

Section 11.2 Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures covered by Section 11.1 hereof and subject to the terms and provisions contained in this Section 11.2, 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 Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such Supplemental Indentures hereto 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 Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section 11.2 or in Section 11.1 hereof contained shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued hereunder, 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 Indentures, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the 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 hereby created 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 Indenture which adversely affects the Trustee's rights, deeds or immunities under the Indenture or the Master Lease.

If at any time the Authority shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 11.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental 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 Section 4.6 hereof to be kept at the office of the Trustee. Such notices shall be prepared by bond counsel and briefly set forth the nature of the proposed Supplemental 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 Indenture shall have consented to and approved the execution thereof as herein provided, 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 Indenture as in this Article XI permitted and provided, the 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 Indenture under this Article shall not become effective unless and until the District shall have consented to the execution and delivery of such Supplemental Indenture. In this regard and except with respect to Supplemental Indentures for which the District has otherwise been notified, the Trustee shall cause notice of the proposed execution of any such Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed by certified or registered mail to the District at least fifteen days prior to the proposed date of execution and delivery of any such Supplemental Indenture. The District shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the District on or before the fifteenth day after the mailing of said notice.

ARTICLE XII

AMENDMENT OF MASTER LEASE

Section 12.1 Amendments, etc., to Master Lease Not Requiring Consent of Bondholders. The Authority and the Trustee shall without the consent of or notice to the Bondholders (subject to the rights of any Security Instrument Issuer in a Supplemental Indenture) consent to any amendment, change or modification of the Master Lease as may be required (i) by the provisions of the 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, or (iv) in connection with any amendment to the Indenture pursuant to Section 11.1 hereof, or (v) in connection with any other change therein which, in the judgment of the Trustee is not materially adverse to the Trustee or, as evidenced by an opinion of counsel delivered to the Trustee, the Holders of the Bonds.

Section 12.2 Amendments, etc., to the Master Lease Requiring Consent of Holders of the Bonds. Except for the amendments, changes or modifications as provided in Section 12.1 hereof, 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 given as in this Section 12.2 provided and the consent of any Security Instrument Provider as provided in any Supplemental Indenture. If at any time the Authority and the District 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 Section 11.2 of the Indenture with respect to Supplemental Indentures. 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.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Consents, etc. of Bondholders. Any consent, request, direction, approval, objection or other instrument required by the Indenture to be signed and executed by the Bondholders may be in any number of concurrent documents and may be executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of the Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(a) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same, shall be proved by the registration books of the Authority maintained by the Trustee pursuant to Section 4.6 of the Indenture.

Section 13.2 Limitation of Rights. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from the Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, any

Security Instrument Provider, any Reserve Provider, and the Holders of the Bonds, any legal or equitable right, remedy or claim under or with respect to the Indenture or any covenants, conditions and provisions herein contained; the Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the District, any security Instrument Provider, any Reserve Provider and the Bondholders as herein provided.

Section 13.3 Severability. If any provision of the Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 13.4 Notices. Any notice, request, complaint, demand, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by facsimile addressed as follows: If to the Authority, to the Local Building Authority of Hurricane Valley Fire Special Service District, Utah, 202 East State Street, Hurricane, Utah 84737, Attention: Chair/President; if to the Trustee, to Zions Bancorporation, National Association, 7860 South Bingham Junction Blvd, Midvale, Utah 84047, Attention: Corporate Trust Department; if to the District, 202 East State Street, Hurricane, Utah 84737, Attention: Chair. A duplicate copy of each notice required to be given hereunder by the Trustee to either the Authority or the District shall also be given to the others. The Authority, the District, and the Trustee may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.5 Payments Due on Days other than Business Days. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be other than a Business Day, then payment of principal and premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date, provided that payment is received by the Holders of the Bonds on such next succeeding Business Day.

Section 13.6 Counterparts. This General Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.7 Electronic Signatures. Each party hereto acknowledges and agrees that it may execute this Indenture, and any variation or amendment hereto, using Electronic Signatures, as hereinafter defined. Such Electronic Signatures are intended to authenticate this writing and to have the same force and effect as handwritten signatures.

"Electronic Signature" means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures, pursuant to applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Utah Uniform Electronic Transaction Act, or any other similar state laws based on the Uniform Electronic Transactions Act, as amended from time to time.

Section 13.8 Applicable Provisions of Law. The Indenture shall be governed by and construed in accordance with the laws of the State.

MASTER LEASE AGREEMENT

Dated as of August 1, 2026

between

LOCAL BUILDING AUTHORITY OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH,
as Lessor

A Nonprofit Corporation Organized Under the Laws of the State of Utah

and

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT,
as Lessee

A Body Politic Existing Within the State of Utah

Various interests of the Local Building Authority of Hurricane Valley Fire Special Service District, Utah, in this Master Lease Agreement have been assigned to Zions Bancorporation, National Association, as Trustee under the General Indenture of Trust, as supplemented by a First Supplemental Indenture of Trust, each dated as of the date hereof and by and between the Local Building Authority of Hurricane Valley Fire Special Service District, Utah, and Zions Bancorporation, National Association, as Trustee, and is subject to the security interest of Zions Bancorporation, National Association, as Trustee under said Indenture.

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MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (the "Master Lease") dated as of August 1, 2026, entered into by and between the LOCAL BUILDING AUTHORITY OF HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH (the "Authority"), as lessor hereunder, a nonprofit corporation duly organized, existing and in good standing under the laws of the State of Utah, and also acting as grantor under a General Indenture of Trust of even date herewith (the "General Indenture"), and HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH (the "District"), as lessee hereunder, a body corporate duly existing as such within the State under the Constitution and laws of the State of Utah:

W I TN E S S E T H:

WHEREAS, the District is a body politic duly existing as such within the State under the Constitution and laws of the State; and

WHEREAS, the District has previously authorized and directed the creation of the Authority pursuant to the provisions of a resolution (the "Creating Resolution") by the District; and

WHEREAS, the Authority has been duly and regularly created, established and is organized and existing as a nonprofit corporation under and by virtue of the provisions of the laws of the State of Utah, including, in particular, the provisions of the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the "Building Authority Act"), and the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended (the "Nonprofit Corporation Act"); and

WHEREAS, under the articles of incorporation of the Authority (the "Articles") and the Building Authority Act, the objects and purposes for which the Authority has been founded and incorporated are to acquire, construct, improve or extend any improvements, facilities or properties (whether real or personal) and appurtenances to them which the District is authorized or permitted by law to acquire, including, but not limited to, public buildings or other structures of every nature or any joint or partial interest in the same, which improvements, facilities, properties and appurtenances need not be situated within the boundaries of the District (collectively, the "Projects") and to finance or refinance the costs thereof on behalf of the District in accordance with the procedures and subject to the limitations of the Building Authority Act, the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended and the Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the "Act") in order to accomplish the public purposes for which the District exists; and

WHEREAS, the Authority is possessed under the Articles and the Act of all powers set forth in the Act, the Constitution and other laws of the State of Utah, including, without limitation, the power to acquire, own, hold, lease and improve real and personal property and to enter into agreements providing for a lease, mortgage or other conveyance of real and personal property; and

WHEREAS, the Authority desires to issue its Lease Revenue Bonds, Series 2026, in the aggregate principal amount of $[PAR] (the "Series 2026 Bonds") to (a) finance all or a portion of the construction of one or more fire stations within the District, and all related improvements (the

"Series 2026 Project"), (b) fund any required debt service reserve fund, and (c) pay costs associated with the issuance of the Series 2026 Bonds; and

WHEREAS, the District has reviewed and approved (i) the estimated costs of the Series 2026 Project and (ii) the plans and specifications for the Series 2026 Project; and

WHEREAS, the District is [the owner of the fee simple title] to the site wherein the Series 2026 Project will be located (the "Project Site") and has agreed to lease the Project Site to the Authority pursuant to a Ground Lease Agreement dated as of August 1, 2026 (the "Ground Lease"); and

WHEREAS, the District desires to lease, as lessee, on an annually renewable basis, the Series 2026 Project and any other Projects hereafter acquired by the Authority for lease to the District and the Authority desires to lease, as lessor, the Series 2026 Project and any other Projects hereafter acquired under the terms and provisions set forth in this Master Lease; and

WHEREAS, under the provisions of a resolution adopted on June 11, 2026 (the "District Resolution"), the District has authorized and approved the execution of this Master Lease, the General Indenture and a First Supplemental Indenture of Trust of even date herewith (together with the General Indenture, the "Indenture") between the Authority and Zions Bancorporation, National Association, as trustee, and the issuance of the Series 2026 Bonds; and

WHEREAS, pursuant to the provisions of a resolution adopted on June 11, 2026 (the "Authority Resolution"), the governing board of the Authority (the "Governing Board") has authorized, approved and directed the execution of this Master Lease and the Indenture and the issuance of the Series 2026 Bonds; and

WHEREAS, pursuant to and in accordance with the provisions of the Act and the Articles, the Authority proposes to undertake the financing or refinancing of Projects (including the financing of the Series 2026 Project) and the leasing of such Projects to the District under the terms and provisions of this Master Lease; and

WHEREAS, the Authority may finance or refinance all or a portion of the Costs of Acquisition and Construction of other Projects through the issuance of its Bonds under the General Indenture; and

WHEREAS, all Bonds issued under the General Indenture will be secured as provided in the General Indenture including by means of the Security Documents and a pledge and assignment of this Master Lease and certain revenues and receipts derived by the Authority from the Projects, all as more fully set forth in the Indenture.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

All terms defined in Article I of the General Indenture and Article I of the First Supplemental Indenture, unless the context otherwise requires, shall have the same meaning in this Master Lease. In addition, unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Master Lease and the Indenture, have the meaning herein specified.

"Act" means collectively, the Building Authority Act, the Local Government Bonding Act, the Nonprofit Corporation Act and, to the extent applicable, the Refunding Bond Act.

"Additional Rentals" means the cost of all taxes, insurance premiums and expenses payable by, and fees and expenses of, the Trustee and its counsel with respect to the Bonds and other charges and costs which the District assumes or agrees to pay exclusively from District Funds under Section 6.3 of this Master Lease, together with all interest and penalties that may accrue thereon in the event that the District shall fail to pay the same, as specifically set forth herein, including all Security Instrument Repayment Obligations, Security Instrument Costs, Reserve Instrument Repayment Obligations and Reserve Instrument Costs.

"Amendment to Master Lease" means any amendment to this Master Lease between the Authority, as lessor, and the District, as lessee, entered into pursuant to and in compliance with the provisions of Section 15.6 of this Master Lease and Article XII of the General Indenture.

"Authority" means the Local Building Authority of Hurricane Valley Fire Special Service District, Utah, a nonprofit corporation organized under the laws of the State, acting in the capacity of lessor under this Master Lease and as grantor under the Indenture, and any successor to the duties and functions of the Authority.

"Authority Representative" means the Chair/President, Vice President, Secretary-Treasurer and any other 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 District 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 District.

"Base Rentals" means the payments payable by the District exclusively from District Funds pursuant to Section 6.2 hereof during the Lease Term hereof, which constitute the payments payable by the District for and in consideration of the right of use of the Projects during such Lease Term and the purchase option granted herein.

"Building Authority Act" means the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended.

"Business Day" means a legal business day on which banking business is transacted in the cities in which the Trustee or Paying Agent has its principal corporate trust offices.

"Completion Date" means the date of completion of acquisition and/or construction of a Project, within the meaning of Section 17D-2-401(2) of the Building Authority Act, and of final acceptance by the District of such Project.

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

"Contractor" means that party to a Construction Contract or Design Contract providing services related to a Project or portion thereof.

"Costs of Acquisition and Construction" means:

(1) obligations of the District or the Authority incurred for labor, materials and equipment in connection with a Project or the cost of acquiring 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 District 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 twelve (12) months after the Completion Date;

(6) any sums required to reimburse the Authority or the District 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, municipal 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.

"Design Contract" means any contract or agreement relating to the architecture, design, engineering or planning of a Project or portion thereof.

"Event of Default" means one or more events of default as defined in Section 14.1 herein.

"Event of Nonappropriation" means a failure by the District to renew this Master Lease by failing or refusing to budget and appropriate sufficient District Funds for the payment of all or any part of the Base Rentals and Additional Rentals for any Renewal Term hereof as set forth in Section 4.1 and Section 6.6 hereof. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the District 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 Section 4.1 hereof or on any earlier or later date on which the Trustee receives written notice from the District that the governing body of the District has failed or refused to make such appropriations and the term of this Master Lease will not be renewed; provided, however, that the Trustee, with the consent of any Security Instrument Issuer, may waive any Event of Nonappropriation which is cured by the District 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 Section 4.1 hereof or as otherwise provided by Supplemental Indenture. Notwithstanding anything herein to the contrary, the District's failure or refusal to adopt a final budget in accordance with applicable law within the time provided by Section 4.1 hereof 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 twelve-month period used from time to time by the District for its financial accounting purposes (currently January 1 to December 31).

"Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies and terrorists; 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 District and not due to its negligence.

"Ground Lease" means the Ground Lease Agreement dated as of August 1, 2026, by and between the District and the Authority.

"Ground Lease Term" means the duration of the leasehold estate created in the Project Sites as provided in Article IV of the Ground Lease.

"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 District or the Trustee.

"Lease Term" means the duration of the leasehold estate created in the Projects as provided in Article IV of this Master Lease.

"Local Government Bonding Act" means the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended.

"Net Proceeds," when used with respect to (i) proceeds from policies of insurance required hereby (including any self-insurance), (ii) any condemnation award, (iii) proceeds resulting from a default under a contract relating to the acquisition and construction of a Project (including liquidated damages, if any), or (iv) 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 and costs) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Nonprofit Corporation Act" means the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended.

"Original Term" means the initial portion of the Lease Term which terminates on [December 31, 2026].

"Permitted Encumbrances" means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which the District may, pursuant to the provisions of Article IX of this Master Lease, permit to remain unpaid; (ii) this Master Lease, including any security interests granted herein or therein; (iii) utility access and other easements and rights of way, restrictions and exceptions which the District 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 Indenture, the Security Documents and related financing statements; (v) the ownership interests of the District in any real or personal property which is the subject of any lease between the District, as lessor and the Authority, as lessee that is entered into in 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; (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 materially impair the operation or marketability of title to the Projects; and (viii) any items contained in a Title Insurance Policy delivered in accordance with Sections 2.4, 2.13 or 2.14 of the General Indenture.

"Project or Projects" has the meaning ascribed to that term in the Indenture and includes the Series 2026 Project.

"Project Sites" means the real property, as more fully described in Exhibit B hereof, where the Project is to be constructed.

"Purchase Option Price" means an amount payable, at the option of the District, at any time for the purpose of terminating the payment obligation of the District under this 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 moneys held by the Trustee for the payment of the Bonds under the 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 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 District, the Authority and the Trustee and all Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations); (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 necessary payment of rebate with respect to any Bonds to be paid, defeased, retired and/or redeemed.

"Refunding Bond Act" means the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

"Renewal Terms" means the optional Renewal Terms of the Lease Term as provided in Article IV of this Master Lease.

"Rentals" means all Base Rentals and Additional Rentals payable during the Lease Term under this Master Lease.

"Series 2026 Bonds" means the Authority's Lease Revenue Bonds, Series 2026, issued in an aggregate principal amount of $[PAR] herein authorized.

"Series 2026 Project" means the construction of one or more fire stations within the District, and all related improvements, (as more fully described in <u>Exhibit A</u> hereto).

"District" means Hurricane Valley Fire Special Service District, a body politic 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 this Master Lease. Any reference herein to the "governing body" of the District shall refer to the Administrative Control Board and to any successor governing body as authorized by applicable law.

"District Funds" means all revenues and receipts derived by the District from the operation of the Projects, including, without limitation, funds of the District legally available therefor, all to the extent the same are budgeted and appropriated by the governing body of the District for the purpose of paying Base Rentals, Additional Rentals or the Purchase Option Price hereunder during the Lease Term in which this Master Lease may be in effect.

"District Representative" means the Chair, Vice Chair and District Clerk of the District and any other person at any time designated to act on behalf of the District 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 District or any duly authorized officer thereof. Such certificate may designate an alternate or alternates. The District Representative may be an officer or employee of the Authority or the District.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the District. The District represents, covenants, and warrants for the benefit of the Authority and the Trustee as follows:

(a) The District is a body corporate duly existing as such within the State under the Constitution and laws of the State. Under the provisions of the Constitution and laws of the State, the District is authorized to enter into the transactions contemplated by this Master Lease and to carry out its obligations hereunder. The District has duly authorized and approved the execution and delivery of this Master Lease. The District agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) The Authority has by this Master Lease leased the Project and may pursuant to this Master Lease lease other Projects to the District as hereinafter provided. It is understood by the parties hereto that the Authority has all rights, title and interest in the Project, subject to Permitted Encumbrances.

(c) During the Lease Term, the Project will at all times be used for purposes which are within and consistent with the legal rights, powers and authority of the Authority and the District under the Constitution and laws of the State.

(d) The District is not in default under any of the provisions of the laws of the State which default would affect its existence or its powers referred to in Section 2.l(a) hereof. Neither the execution and delivery of this Master Lease nor the issuance and sale by the Authority of its Bonds, nor the performance by the District of its obligations under this Master Lease will constitute on the part of the District a breach of or a default under, any existing law, court or administrative regulation, decree, order or any material agreement, indenture, mortgage, lease or any other instrument to which the District is subject or by which it is or may be bound.

(e) There is no action, suit or proceeding pending or, to the best knowledge of the District, threatened, or any basis therefor, before any court or administrative agency which may adversely affect the District or ability of the District to perform its obligations under this Master Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the District of this Master Lease or in connection with the carrying out by the District of its obligations under this Master Lease have been obtained.

(f) The Project (including the Series 2026 Project) constitutes a "project" within the meaning of the Building Authority Act.

(g) The acquisition and construction of the Project will be accomplished in accordance with all applicable laws and the construction and financing of the Project is necessary and appropriate for accomplishing one or more of the authorized functions or public purposes of the District and is suitable for such purpose and in furtherance of the purposes of the District and the best interests of the citizens of the District.

(h) To the extent allowed by law, if an Event of Nonappropriation has occurred, the District shall not purchase, lease or rent substantially equivalent buildings or building space for the District's or Authority's use for functions that are substantially the same as those functions the Series 2026 Project has been used for until all of the principal and interest on the Series 2026 Bonds has been paid in full.

(i) No voter approval was sought on the question of whether general obligation bonds of the District should be issued to finance the Project.

Section 2.2. Representations, Covenants and Warranties of the Authority. The Authority represents, covenants, and warrants for the benefit of the District and the Trustee as follows:

(a) The Authority is a nonprofit corporation duly incorporated and in good standing under the laws of the State and is duly qualified to transact business in the State, is not in violation of any provision of its articles of incorporation or its bylaws, has the corporate power and authority to enter into this Master Lease and has duly authorized and approved the execution and delivery of this Master Lease by proper corporate action.

(b) The Authority agrees that, so long as this Master Lease has not been terminated, it will maintain its corporate existence, will continue to be a corporation in good standing under the laws of the State, will not dissolve or otherwise dispose of all or substantially all of its assets, except as provided in this Master Lease (or similar leases), and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

(c) The Authority will cause the Project to be acquired and constructed (subject to Permitted Encumbrances) and will complete or cause to be completed the acquisition and construction of the Project in accordance with the plans and specifications therefor. The Authority will lease the Project to the District as hereinafter provided. It is understood by the parties hereto that the Authority shall have all rights, title and interest in the Project, subject to Permitted Encumbrances.

(d) The Authority will not pledge the Base Rentals, the Additional Rentals, Purchase Option Price or any of its other rights under this Master Lease and will not assign its interest in or encumber the Project except as provided hereunder or under the Indenture and the Security Documents. All property and moneys received by the Authority from the District will, so long as no Event of Nonappropriation or no Event of Default shall occur, be applied for the benefit of the District, and all property and moneys received by the Authority under this Master Lease with respect to the Project and under the Indenture for the Bondholders of the Bonds will be applied for the proportionate benefit of said Bondholders.

(e) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Authority except Permitted Encumbrances.

(f) Except as otherwise provided in this Master Lease, the Indenture and the Security Documents, the Authority will not assign this Master Lease, its rights to payments from the District or its duties and obligations under this Master Lease to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(g) The Authority will not use any of the proceeds of the sale of the Series 2026 Bonds in a manner not authorized by the terms of this Master Lease, the Indenture or the exhibits hereto and thereto.

(h) There is no action, suit or proceeding pending or, to the best knowledge of the Authority, threatened, or any basis therefor, before any court or administrative agency which might adversely affect the Authority or the ability of the Authority to perform its obligations under this Master Lease, the Indenture and the Security Documents. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Authority of this Master Lease, the Indenture, the Security Documents or in connection with the carrying out by the Authority of its obligations under this Master Lease, the Indenture and the Security Documents have been obtained.

(i) The Authority gave notice of its intent to issue the Series 2026 Bonds and no petition meeting the requirements of Section 17D-2-602 or 17D-2-502 of the Building Authority Act was submitted during the 30-day period following publication of such notice. The Authority gave notice of a public hearing and held such public hearing with respect to the issuance of the Series 2026 Bonds all in accordance with the provisions of Section 11-14-318 of the Act.

ARTICLE III

DEMISING CLAUSE

The Authority hereby demises and leases the Project, and the District leases the same from the Authority, subject only to Permitted Encumbrances in accordance with the provisions of this Master Lease, to have and to hold under this Master Lease unless sooner terminated as expressly provided herein. Nothing in this Master Lease shall be construed to require the District to operate the Project other than as the lessee hereunder or to exercise its right to purchase any or all of the Project or any portion thereof as provided in Article XII of this Master Lease.

The Trustee shall be empowered, after an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under this Master Lease, the Indenture or the Security Documents, to collect the amount of the Base Rentals and Additional Rentals allocable to any sublease from any and all sublessees, and apply the net amount collected to the Base Rentals and Additional Rentals required herein, but no such collection shall be deemed a waiver of any agreement, term, covenant or condition hereof, or the acceptance of any sublessee as lessee hereunder.

The Authority warrants and covenants that it will acquire the Projects for the exclusive use of the District (subject to the occurrence of an Event of Default or an Event of Nonappropriation), subject to Permitted Encumbrances. The Authority will cause to be furnished to the Trustee a commitment for title insurance policy which meets the requirements of Section 2.4 of the General Indenture.

ARTICLE IV

LEASE TERM

Section 4.1. <u>Commencement of Lease Term</u>. The Lease Term shall commence as of the date of delivery of the Series 2026 Bonds and shall terminate at midnight on [December 31, 2026]. The Lease Term may be continued, solely at the option of the District, beyond the expiration of the Original Term for an additional one year, (the first "Renewal Term") and for additional Renewal Terms thereafter each of one year in duration (except that the final Renewal Term shall commence [__________, 20___] and end on [__________, 20___]), upon the District 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 this Master Lease sufficient District 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 District 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 l7D-2-402(1)(b) 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 shall be as otherwise specified in <u>Exhibit D</u> attached hereto, for each such Renewal Term, as such Schedule may be revised as provided in Section 6.2 hereof.

Within five (5) days after the adoption of such final budget, the District shall deliver written notice to the Trustee stating that the District has extended the term of this Master Lease for the succeeding Renewal Term, describing in reasonable detail the actions taken by the governing body of the District (if such actions are then required to pay any Rentals hereunder or, if no such actions are then required, explaining the reasons therefor) to appropriate funds sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (as provided in Sections 6.2 and 6.3 hereof) to become due during such succeeding Renewal Term. Unless the Trustee shall have previously received the foregoing notice applicable to the next succeeding Renewal Term, the Trustee shall, at least 20 days prior to the last day of each Fiscal Year, make written inquiry of the District as to whether the District has extended the term of this Master Lease and whether the governing body of the District shall have made the appropriation necessary to pay the Base Rentals and reasonably estimated Additional Rentals to become due during such succeeding Renewal Term. The District shall deliver written notice to the Trustee as soon as practicable, but in no event later than the expiration of the Original Term or the then current Renewal Term, stating (as the case may be) that: (i) the governing body of the District has failed or refused to appropriate, specifically with respect to this Master Lease, moneys sufficient to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term and stating what actions the District and its officials propose to take with respect to this Master Lease, the Projects and any budgetary procedures for any Base Rentals and Additional Rentals that may thereafter accrue; or (ii) that the District is precluded from adopting its final budget for the fiscal year in question due to the procedural requirements of State law described below.

In the event the governing body of the District is precluded, solely as a result of notice, hearing or other procedural requirements imposed by State law in connection with the adoption of a final budget, from adopting a final budget on or prior to the last day of any Fiscal Year, no Event of Nonappropriation shall be deemed to have occurred as a result of the failure to so adopt a final budget, provided that: (i) prior to the last day of such Fiscal Year, the governing body of the District shall have adopted a tentative budget which includes a tentative appropriation of District Funds sufficient to pay the Base Rentals and reasonably estimated Additional Rentals to become due during the succeeding Renewal Term; (ii) prior to the last day of such Fiscal Year, the District shall have delivered to the Trustee and any Security Instrument Issuer, a copy of the tentative budget adopted by its governing body and a notice stating that it is the intention of the governing body to renew the Lease Term upon the adoption of the final budget; (iii) any Base Rentals or Additional Rentals described in the preceding paragraph and provided further that any Rentals which become due and payable pursuant to the terms of this Master Lease prior to the adoption of such final budget shall be paid by the District in accordance with the tentative budget adopted by the governing body of the District; and (iv) the governing body of the District shall adopt a final budget on or before the last date allowable under applicable law that includes the appropriation of District Funds required under this Section 4.1 to renew the Lease Term. The District shall promptly file a copy of the final budget so adopted by its governing body with the Trustee.

Section 4.2. Termination of Lease Term. The Lease Term shall terminate upon the first to occur of the following events:

(a) the exercise by the District of its option to purchase the Authority's interest in all of the Projects, granted under the provisions of this Master Lease;

(b) an Event of Default and the election of the Authority or the Trustee to terminate this Master Lease under Article XIV hereof;

(c) the discharge of the lien of the Indenture under Article VIII thereof;

(d) the expiration or termination of the Lease Term pursuant to an Event of Nonappropriation or Section 10.3 of this Master Lease under the conditions provided therein; or

(e) the last day of the Lease Term of this Master Lease, upon payment of all Base Rentals and Additional Rentals required hereunder.

Section 4.3. Effect on the District of Expiration or Termination of the Term of this Master Lease. The expiration or termination of the term of this Master Lease as to the District's right of possession and use of the Projects pursuant to Section 4.2(b) or (d) hereof shall terminate all obligations of the District under this Master Lease (except to the extent of legally available District Funds from the Project) and shall terminate the District's rights of use, occupancy and operation of the Projects; provided, however, that all other terms of this Master Lease and the Indenture, including all obligations of the Trustee with respect to the Bondholders and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the District to pay any amounts to the Bondholders and the Trustee hereunder shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of this Master Lease as to the District's right of possession and use pursuant to Section 4.2(b) or (d) hereof, in and of itself, shall not discharge the lien of the Indenture.

Section 4.4. Revised Schedule of Base Rentals and Option Price. Upon partial redemption of any Series of Bonds pursuant to the Indenture, or the issuance of Additional Bonds or Refunding Bonds pursuant to the Indenture, the Authority shall provide the District and the Trustee with a revised schedule of Base Rentals which schedule shall take into account such redemption or issuance and shall be and become for all purposes thereafter Exhibit D to this Master Lease setting forth the Base Rentals.

ARTICLE V

ENJOYMENT OF PROJECTS

The Authority hereby covenants to provide the District during the Lease Term with quiet use and enjoyment of the Projects, and the District shall, by keeping and performing the agreements and covenants on its part contained in this Master Lease, during the Lease Term peaceably and quietly have and hold and enjoy the Projects, without suit, trouble or hindrance from the Authority, the Trustee or the Bondholders, except as expressly set forth herein and in the Indenture and the Security Documents. Neither the Authority, the Trustee nor any Bondholder shall interfere with such quiet use and enjoyment during the Lease Term so long as no Event of Default or Event of Nonappropriation shall have occurred. The Authority shall, at the request of the District and at the cost of the District, join in any legal action in which the District asserts its right to such possession and enjoyment, to the extent that the Authority may lawfully do so. In addition, the District may at its own expense join in any legal action affecting its possession and enjoyment of the Projects and shall be joined as a party in any action affecting its liabilities hereunder.

The Authority, the Bondholder and the Trustee and their respective designated representatives shall have the right at all reasonable times during business hours (and in emergencies at all times) to enter into and upon the Projects for the purpose of inspecting the same, for any purpose related to the Authority's obligations or rights under this Master Lease or for any other lawful purpose.

ARTICLE VI

PAYMENTS BY THE DISTRICT

Section 6.1. Payments to Constitute Current Expenses of the District. The District and the Authority acknowledge and agree that the obligation of the District to pay Base Rentals and Additional Rentals under this Master Lease constitutes current expenses of the District payable exclusively from District Funds and shall not in any way be construed to be an obligation or indebtedness of the District within the meaning of Sections 3 or 4 of Article XIV of the Utah Constitution, or any other constitutional or statutory limitation or requirement applicable to the District concerning the creation of indebtedness. No provision of this Master Lease shall be construed or interpreted (i) to require the governing body of the District 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 District within the meaning of Section 29 of Article VI of the Utah Constitution. Neither the District, nor the Authority on its behalf, has pledged the credit of the District to the payment of the Base Rentals, the Additional Rentals, the Purchase Option Price, the Bonds or the interest thereon, and neither this Master Lease, the Indenture nor the Bonds shall directly or contingently obligate the District 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 herein. If the District fails to pay any Base Rentals or Additional Rentals due under this Master Lease it shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate.

Section 6.2. Payment of Base Rentals.

(a) The District shall pay Base Rentals exclusively from District Funds. The District shall pay Base Rentals during the Lease 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 periodic payments at the times and manner and in the amounts as specified in the schedule of Base Rental payments attached as Exhibit D hereto 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 installment or redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Trustee at least fifteen days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. At the time of execution of this Master Lease, Base Rental payments for each payment date will equal the amounts set forth in Exhibit D hereto (however, in the event the District does not ensure payments in Exhibit D are paid in full, it shall be deemed an Event of Nonappropriation or an Event of Default, as applicable). The District understands that the Base Rental Payment Schedule attached as Exhibit D may be revised from time to time based on the redemption of Bonds (other than mandatory sinking fund redemptions), or the issuance of any Additional Bonds or Refunding Bonds allowed under the Indenture. The District hereby agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule attached hereto as Exhibit D hereto 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 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, the District shall, in the event it elects to renew this Master Lease during the following Renewal Term, and as a condition of renewal (but solely from District Funds), pay to the Trustee in two substantially equal semiannual payments additional Base Rentals during the Lease Term, in an amount sufficient to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement. Notwithstanding anything contained herein 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.

(b) 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 District for use and occupancy under this Master Lease and (B) the acquisition and construction of additional portions of the Project (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 Indenture) occurs under the Indenture due to the failure to complete the Uncompleted Portion of the Project, the District and the Authority hereby agree, as follows:

(i) The District consents to the provisions of Section 9.15 of the General Indenture governing such an Event of Default; and

(ii) The District 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 Project and this Master Lease shall remain in full force and effect with respect to the Completed Portion of the Project.

(c) In the event that less than all of any one Project is initially made available for use, occupancy and operation and the District accepts a portion of any one Project for its use, occupancy and operation pending final completion of the remainder of any one such Project, any Base Rentals paid by the District with respect to any one such Project shall be prorated in a manner so as to reflect the fair rental value of that portion of the Project then available for use, occupancy or operation by the District and so used, occupied or operated.

(d) The amount of the Base Rentals otherwise payable by the District hereunder shall be reduced by an amount equal to (i) any earnings on the investment of the Bond Fund, (ii) any moneys transferred to the Bond Fund from the Debt Service Reserve Fund pursuant to paragraph (b) of Section 5.10 of the General Indenture (other than from draws on a Reserve Instrument), and (iii) any Direct Payments on deposit with the Trustee in the Bond Fund. In the event that Direct Payments are deposited with the Trustee after the District has made the related payment of Base Rentals, the District may elect to have the Trustee return to the District an amount equal to such Direct Payments (so long as the amount remaining on deposit in the Bond Fund continues to be sufficient to pay principal and interest next due on the Bonds, if such payment is requested prior to the related Interest Payment Date) or to have the Trustee retain the Direct Payments in the Bond Fund and take the credit with respect to the next required Base Rentals payment. Each payment of Base Rentals shall be in consideration for the use of the Projects by the District during the applicable period commencing on the Bond Payment Date next preceding the Bond Payment Date to which such Base Rental payment is attributable and for the option to purchase the Projects granted herein.

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

(f) Notwithstanding the foregoing, the District may not elect to renew this Master Lease in part and in the event it desires to renew this Master Lease must continue to pay District Funds in an amount sufficient to pay Base Rentals attributable to all of the Projects which have been delivered for occupancy or use (or any portion thereof, in proportion to such available portion).

(g) It is understood and agreed by the District that, subject to the terms of this Master Lease and the Indenture, all Base Rentals payable under this Section 6.2 by the District, 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 Indenture. The District assents to such assignment. The Authority hereby directs the District, and the District hereby agrees, to pay to the Trustee at its principal office in Salt Lake City, Utah or such other office as designated by the Trustee, all Base Rentals payable by the District pursuant to this Section 6.2 and, if paid, the Purchase Option Price.

(h) 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 District shall not be obligated to pay any further Base Rentals hereunder.

(i) As provided in Section 17D-2-401(2)(b)(i) of the Building Authority Act, the District is not required to make any payment of Base Rentals or Additional Rentals hereunder until construction of the related Project or Projects are complete. In the event that a Project is not completed by the time that amounts set aside for payment of capitalized interest are expended, the District and the Authority shall (i) reallocate proceeds of the related Series of Bonds to make funds available for additional capitalized interest, (ii) seek other legally available funds for such purpose or (iii) issue Additional Bonds to finance additional capitalized interest; provided, however, the District may commence making payments of Base Rentals with respect to individual completed projects constituting a Project.

Section 6.3. 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 this Master Lease and continuing throughout the period that the District pays Base Rentals, the District shall pay or shall cause to be paid the following Additional Rentals, exclusively from District Funds, during the Lease Term thereof as hereinafter provided:

(a) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture;

(b) the reasonable fees and expenses of the Trustee and any paying agent appointed under the Indenture with respect to the Bonds for acting as paying agent as provided in the Indenture;

(c) the reasonable fees and expenses of the Trustee for extraordinary services rendered by it and extraordinary expenses, including the fees and expenses of its counsel, incurred as Trustee under the Indenture;

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

(e) the costs of maintenance and repair of the Projects as required under Section 9.1 hereof;

(f) the costs of taxes, governmental charges, utility charges, management and operations expenses, liens and encumbrances with respect to the Projects as required under Section 9.3 hereof;

(g) the costs of casualty, public liability and property damage and worker's compensation insurance with respect to the Projects as required under Sections 9.4, 9.5 and 9.6 hereof;

(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 District pursuant to this Master Lease;

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

(k) Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations; and

(l) during the Original Term or any Renewal Term in which there is an insufficiency of Net Proceeds as described in Section 10.2 hereof, an amount equal to the insufficiency of Net Proceeds required to repair, replace, restore or modify the affected Project or Projects.

The Additional Rentals specified in subsections (a), (b), (c) and (k) shall be payable to the Trustee and shall be due and payable within ten days after notice in writing from said Trustee to the District stating the amount of Additional Rentals then due and payable and the purpose thereof. Except as otherwise provided herein or in the Indenture, the Additional Rentals specified in subsections (d), (e), (f), (g), (h), and (i), 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. Additional Rentals specified in subsection (j) shall be determined by, or at the direction of, the District and deposited with the Trustee as required by Section 148 of the Code.

Section 6.4. Manner of Payment. The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from District Funds and in lawful money of the United States of America. The obligation of the District to make payment of the Base Rentals and Additional Rentals required under this Article VI and other sections hereof and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided hereunder. Notwithstanding any dispute between the District 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 District shall pay all payments of Base Rentals and Additional Rentals, from and to the extent of available District Funds, when due, and shall not withhold any Base Rentals or Additional Rentals pending final resolution of such dispute, nor shall the District assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. The obligation of the District to pay Base Rentals and Additional Rentals during the Original Term or any Renewal Term shall be absolute and unconditional in all events, except as expressly provided herein, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances.

Section 6.5. Expression of Need for the Project by the District; Determination of Purchase Price.

(a) The District hereby finds as of the date of this Master Lease, that it has an essential need for the Project to carry out and give effect to the public purposes of the District. The District and the Authority hereby agree and determine that the Base Rentals and items of Additional Rentals with respect to the Project are reasonable and that the Purchase Option Price with respect to the Project represents, as of the end of the Lease Term, a reasonable purchase price for the Project. In making such determination the

District and the Authority have given consideration to the costs of the Project, the cost of financing the Project, the uses and purposes for which the Project will be employed by the District and the benefit to the citizens of the District by reason of the District's use and occupancy of the Project pursuant to the provisions of this Master Lease.

(b) The District must find that, as of the date of the execution of an Amendment to this Master Lease relating to a Project, the District then has an essential need for such Project which is the subject of the Amendment to Master Lease to carry out and give effect to the public purposes of the District. At the time of execution of such Amendment to Master Lease, the District and the Authority must agree and determine that the Base Rentals and Additional Rentals payable with respect to such Project that is the subject of such Amendment to Master Lease are reasonable and that the Purchase Option Price represents, as of the end of the Lease Term, a reasonable purchase price for such Project. In making such determination the District and the Authority will give consideration to the costs of such Project, the cost of financing such Project, the uses and purposes for which such Project will be employed by the District and the benefit to the citizens of the District by reason of the District's use and occupancy of such Project pursuant to the provisions of this Master Lease.

Section 6.6. Nonappropriation. In the event that sufficient District Funds shall not be budgeted and appropriated by the District, in a final budget adopted within the time permitted by Section 4.1 hereof, 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 District shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for herein beyond the last day of the Renewal Term preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the District has elected to continue this Master Lease for a Renewal Term by budgeting and appropriating sufficient District Funds for the payment of Base Rentals and Additional Rentals hereunder the District 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 District fails to pay any Base Rentals or Additional Rentals due under this Master Lease, or upon an Event of Nonappropriation, the District shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Project 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 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 herein shall be held by the Trustee under the Indenture for the benefit of the Bondholders as set forth in said Indenture until the principal of, premium, if any, and interest on the Bonds are paid in full and other amounts payable under the Indenture are paid in full and any excess shall thereafter be paid to the District.

Section 6.7. Application of Base Rentals, Additional Rentals and Purchase Option Price. All Base Rentals, the Additional Rentals specified in subsections (a), (b), (c) and (k) of Section

6.3 hereof, and, if paid by the District, the Purchase Option Price shall be paid to the Trustee for application in accordance with the Indenture.

Section 6.8. Request for Appropriation. During the Lease Term, the District covenants and agrees as follows:

(a) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the District in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any and all District Funds then legally available for such purpose), to pay the Base Rentals and reasonably estimated Additional Rentals (calculated pursuant to Section 6.3 hereof) for the Projects during the next succeeding Renewal Term; and

(b) 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 District for its consideration seeks an appropriation of District 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 State law.

The next inclusion in the District's annual tentative budget shall be made under applicable law prior to the fiscal year commencing [January 1, 2027], 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 tentative budget for appropriations by the District 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 District determines to approve such amount in the final budget as adopted. To effect the covenants set forth in (a) above, the District hereby directs its budget officer, or any other officer at the time charged with the responsibility of formulating budget proposals, to include in the tentative budget prepared annually by such budget officer or other officer and submitted to the governing body of the District, in any year in which this Master Lease is in effect, items for all payments required for the ensuing Renewal Term under this Master Lease. It is hereby expressed as the intention of the District that the decision to renew or not to renew the term of this Master Lease is to be made solely by the governing body of the District at the time it considers for adoption of the final budget for each of its fiscal years and corresponding Renewal Terms hereunder, and not by any official of the District, acting in his or her individual capacity as such. In this connection, the District hereby covenants 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 District.

ARTICLE VII

ACQUISITION AND CONSTRUCTION OF PROJECTS

Section 7.1. Agreement to Acquire and Construct the Projects. The District and the Authority agree that the Authority shall cause the Projects to be acquired and constructed as herein provided, all of which construction, shall be made in accordance with the plans and specifications for such Projects as approved by the District. The District hereby agrees that in order to effectuate the purposes of this Master Lease, it authorizes the District Representative or the Authority Representative, on behalf of the Authority, to make, execute, acknowledge and transmit any other contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for the carrying out and furtherance of the acquisition and construction of the Projects.

The Authority agrees to carry out or to cause to be carried out the acquisition, construction and equipping of any Project through the application of moneys to be disbursed from the Construction Fund by the Trustee utilizing a requisition request complying with the requirements of Section 7.3 herein.

The Authority agrees to cause all Projects to be constructed with all reasonable dispatch, subject only to delays caused by Force Majeure excepted.

The District hereby covenants, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the acquisition, construction and equipping of any Project as herein required, or to make certain design changes in such Projects to the extent necessary to complete the acquisition, construction and equipping of such Projects with moneys then available for such purposes in the Construction Fund.

Section 7.2. Application of Proceeds of Series 2026 Bonds. The proceeds from the sale of the Series 2026 Bonds shall be applied as set forth in the First Supplemental Indenture.

Section 7.3. Disbursements from the Construction Fund. The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Construction Fund (if any) under the Indenture to pay the Costs of Acquisition and Construction of the Projects. So long as the Trustee has not received notice nor is deemed to have received notice pursuant to Section 10.l(h) of the General Indenture that an Event of Nonappropriation or Event of Default has occurred and is continuing, the Trustee is hereby authorized to disburse the amounts on deposit in the Construction Fund, as provided herein and therein.

Other than for payment of capitalized interest on the Bonds, which shall be paid by the Trustee without further direction (as prescribed in the First Supplemental Indenture), such payments shall be made upon receipt by the Trustee of a requisition in substantially the form attached hereto as Exhibit C and signed by the District Representative on which requisition the Trustee is entitled to conclusively rely.

Section 7.4. 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 District 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 Construction Fund account an aggregate sum equal to the amount estimated by the District 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 Construction Fund account in excess of the amount to be retained shall be transferred by the Trustee, as set forth in a written direction of the Authority and the District, to the Bond Fund to be used by the Trustee as provided in the related Supplemental Indenture.

Section 7.5. Investment of Construction Fund, Bond Fund, Rebate Fund and Debt Service Reserve Fund Moneys. Subject to the provisions of Article VI of the General Indenture, any moneys held as a part of the Construction Fund, the Bond Fund, the Debt Service Reserve Fund or the Rebate Fund or any other fund created under the Indenture shall be invested and reinvested by the Trustee upon the written direction of the District in Investment Obligations (as defined in the Indenture) unless otherwise provided by Supplemental Indenture; provided, however that in the absence of such written direction, the Trustee shall hold such moneys in cash, uninvested.

Section 7.6. Design Contracts and Construction Contracts.

(a) The District agrees that upon the occurrence of an Event of Nonappropriation or an Event of Default and upon receipt of a written request from the Trustee, it will assign to the Trustee all of its right, title and interest in and to all Design Contracts and other Project documents. The District shall have and keep on file and available for inspection by the Authority and the Trustee copies of the Design Contracts as soon after the commencement of the Lease Term as such Design Contracts shall become available to the District and throughout the Lease Term.

(b) Each Construction Contract executed in connection with a Project must provide that, upon an Event of Nonappropriation or Event of Default, the Construction Contract will be fully and freely assignable to the Trustee without the consent of any other person; and that, if the Construction Contract is assumed by the Trustee, the Contractor will perform the agreements contained in the Construction Contract for the Trustee. Each Construction Contract must also provide that, upon an Event of Nonappropriation, an Event of Default or damage to, or destruction or condemnation of, the Project as described in Section 10.1 hereof, the Trustee may terminate such Contract, and the contractor shall then be entitled to payment only from amounts available therefor in the Construction Fund and only for work done prior to such termination. The District agrees that upon the occurrence of an Event of Nonappropriation or an Event of Default and upon receipt of a written request from the Trustee, it will assign to the Trustee all of its right, title and interest in and to all Construction Contracts and other Project documents. Each Construction Contract shall be for a fixed price and shall require the contractor to provide 100% payment and performance bonds as provided in Section 7.8 hereof. In the event of any change order resulting in the performance of additional work in connection with the construction of the Project, the amount of such bonds pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Project. The District shall have and keep on file and available for inspection by the Authority and the Trustee copies of the Project documents as soon after the commencement of the Lease Term as such Project documents shall become available to the District and throughout the Lease Term.

Section 7.7. Defaults Under Design Contracts or Construction Contracts. In the event of any material default under any Design Contract or Construction Contract, or in the event of a material breach of warranty thereunder with respect to any materials, workmanship or performance, the District and the Authority shall promptly proceed, either separately or in conjunction with others, to pursue diligently their remedies against the Contractor in default and/or against each surety on any bond securing the performance of such contracts. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery (including, without limitation, attorneys' fees and costs) and, after reimbursement to the District or the Authority of any amounts theretofore paid by the District or the Authority and not previously reimbursed to the District or the Authority for correcting or remedying the default which gave rise to the proceedings against the contractor or surety, shall be paid into the applicable Construction Fund account if received before the Completion Date, and shall be used for Costs of Acquisition and Construction of the related Project, or, at the direction of the Authority, shall be transferred by the Trustee into the Bond Fund created under the Indenture to pay principal and/or interest next coming due on the related Series of Bonds.

Section 7.8. Contractor's Performance and Payment Bonds. Each Contractor retained by the District or the Authority in connection with a Construction Contract shall be required to furnish a performance bond and a labor and material payment bond on forms acceptable to the District. Such bond shall be made payable to the Trustee 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 by the Authority.

Section 7.9. Contractor's General Public Liability and Property Damage Insurance. Each Contractor and subcontractor retained by the District or the Authority in connection with a Construction Contract 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. Such policies shall carry loss payable endorsements in favor of the Trustee under the Indenture. Such insurance shall include a provision prohibiting cancellation or amendment without ten (10) days' prior notice by certified mail to the Trustee. 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 District.

Section 7.10. Contractor's Builder's Risk Completed Value Insurance. Unless otherwise obtained by the District or the Authority, each Contractor and subcontractor retained by the District or the Authority in connection with a Construction Contract 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 District, 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. Such policies shall contain a waiver of subrogation by the issuer of each such policy with respect to the Trustee under the 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.

Such builder's risk completed value insurance policies shall carry loss payable endorsements in favor of the Trustee under the Indenture. No agency or employee of the District or the Authority shall have the power to adjust or settle any loss with respect to a Project without the prior written consent of the Trustee. Such insurance shall contain provisions prohibiting cancellation or amendment without ten (10) days' prior written notice to the Authority and the Trustee.

Section 7.11. Contractor's Worker's Compensation Insurance. Each contractor and subcontractor retained in connection with a Construction Contract 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 ten (10) days' prior written notice to the District. 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, including occupational disease coverage.

Section 7.12. Proceeds of Certain Insurance Policies and Performance Bonds. The Net Proceeds of any performance or payment bond or insurance policy required by Section 7.8, Section 7.9, and Section 7.10 of this Master Lease shall be deposited with the Trustee and applied as provided in Section 10.2 of this Master Lease and Section 5.16 of the General Indenture.

ARTICLE VIII

TITLE TO THE PROJECTS; SECURITY INTEREST

Section 8.1. Title to the Projects. A fee simple interest or leasehold interest, as applicable, in the site of the Projects and title to the Projects and any and all additions, repairs, replacements or modifications thereto, shall be held in the name of the Authority, subject to Permitted Encumbrances, at all times until conveyed to the District as provided in Section 12.1 of this Master Lease. The District shall not have any right, title or interest in a Project or any additions, repairs, replacements, modifications or fixtures thereto except as expressly set forth herein.

Section 8.2. Security Interest. To secure the payment of all of the obligations of the Authority under the Indenture, the Authority shall grant to the Trustee a security interest in the Projects and the Base Rentals received by the Authority under this Master Lease. Upon execution of this Master Lease, the District and the Authority agree that the Authority shall execute the Security Documents and the Indenture. The Authority agrees that the Authority Representative shall, on its behalf, execute such additional documents, including affidavits, notices and similar instruments, in form satisfactory to the Authority or the Trustee, which the Authority or the Trustee reasonably deems necessary or advisable to establish and maintain the security interests to be granted pursuant to this Section 8.2. The Authority, the District and the Trustee, when directed by the Authority in writing, shall execute from time to time such continuation statements as will be necessary to preserve and protect the security interest granted under the provisions in this Section 8.2

ARTICLE IX

MAINTENANCE; TAXES; INSURANCE AND OTHER CHARGES

Section 9.1. Maintenance of the Projects by the District. The District shall, at its own expense from available District 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 District from challenging the validity or applicability of such laws, rules, ordinances, orders and regulations and to defer compliance until the challenge has been completed.

It is understood and agreed that in consideration of the payment by the District of the Base Rentals and Additional Rentals herein provided for, the Authority is only obligated to provide the Projects in the manner, at the times and to the extent herein provided, and neither the Authority, the Trustee nor any owner of any Bond shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Projects during the term of this Master Lease.

Without limiting the generality of the foregoing, the District shall, as if the District were the absolute owner thereof, assume all responsibility for the Projects (including all surfaces of the buildings and entrances thereto, foundations, ceilings, roof, all glass and show window moldings and all partitions, doors, fixtures, equipment, and appurtenances thereto, including lighting and plumbing systems and fixtures, sewage facilities, electric motors and heating, ventilating and air-conditioning systems, and all landscaping, parking lots, driveways, fences and signs located on the sites where the Projects are located and all sidewalks and parkways located adjacent to the sites where the Projects are located) and pay all costs or cause the payment of all costs of any kind (including operating costs and costs of repair, whether of a capital nature or otherwise) associated therewith.

Section 9.2. Modification of the Projects. The District 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 this Master Lease, the Indenture and the Security Documents, and shall also be included under the terms hereof and thereof; provided, however, that such remodeling, substitutions, additions, modifications and improvements shall not in any way damage such Projects or cause it to be used for purposes other than those authorized under the provisions of this Master Lease, and the Constitution and laws of the State; and provided, however, that such Projects, as remodeled, improved or altered upon completion of such remodeling, substitutions, additions, modifications and improvements made pursuant to this Article IX shall be of a fair rental value not less than the fair rental value of such Projects immediately prior to the remodeling or the making of substitutions, additions, modifications and improvements. The District shall not permit any mechanic's or other lien to be established or remain against the Projects for labor or materials furnished in connection with any remodeling, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the District; provided, however, that if the District shall first notify the Trustee of the intention of the District so to do, the District may in good faith contest any mechanic's or other lien filed or established against the Projects, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Trustee shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Indenture and the Security Documents will be materially endangered or the Projects or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Trustee will cooperate fully with the District in any such contest, upon the request and at the expense of the District. Any property for which a substitution or replacement is made pursuant to this Section 9.2 may be disposed of by the District in any manner and in the sole discretion of the District.

Section 9.3. 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 District Funds, shall be paid, or cause to be paid, by the District 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 District shall be obligated to provide for Additional Rentals only for such installments as are required to be paid during that period that the District is obligated to pay Base Rentals. The District 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 Indenture), or any interest therein (including the interest of the Authority) on the rentals and revenues derived therefrom or hereunder. The District shall also pay, or shall cause to be paid, as Additional Rentals, from and to the extent of available District 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.

As long as the District is in possession of the Projects and except as otherwise provided herein, it shall keep it free and clear of all liens, charges and encumbrances (except Permitted Encumbrances and any encumbrances arising through the Authority) and shall have the responsibility for all management, operations, maintenance and repair of the Projects. The District in its discretion may discharge its responsibility hereunder by: (1) using its own employees; or (2) contracting for services; or (3) subleasing all or portions of the Projects, subject to the provisions of this Master Lease and the Indenture; or (4) any combination of such methods. No such contract or sublease shall place a greater burden on the Authority than provided herein, nor infringe upon rights granted to or retained by the Authority hereunder, nor violate or in any way impair the Authority's obligations under the Indenture or any other instrument, if any, securing any debt or borrowings by the Authority, all or substantially all the proceeds of which are to be used to finance Projects.

The District may, at the expense and in the name of the District, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom provided the District shall first deposit with the Trustee, or in court, a bond or other security satisfactory to the Trustee pursuant to the Security Documents unless the Trustee shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items the security afforded pursuant to the terms hereof and pursuant to the Indenture and the Security Documents will be materially endangered or the Projects or any portion thereof will be subject to loss or forfeiture, in which event such taxes, assessments or charges shall be paid forthwith. In the event that the District shall fail to pay any of the foregoing items required by this Section 9.3 to be paid by the District, the Trustee may (but shall be under no obligation to) pay the same, which amounts, together with interest thereon at a rate per annum equal to the one-month U.S. Federal Treasury Rate, but in no event less than a rate of 3.5% per annum, the District agrees to pay from and to the extent of available District Funds.

Section 9.4. Provisions Respecting Insurance. The District agrees to insure or cause to be insured, with the Trustee listed as a Loss Payee, 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 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 herein shall mean the actual replacement value, or at the option of the District any lesser amount which is equal to or greater than the principal amount of all of the Bonds then Outstanding of the Series which financed said Projects (or applicable portions thereof in case said Series of Bonds financed more than one Project). Alternatively, the District 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.

Any insurance policy issued pursuant to the preceding paragraph of this Section 9.4 shall be so written or endorsed as to make losses, if any, payable to the Trustee. The Net Proceeds of the insurance required in this Section 9.4 shall be applied as provided in Section 10.2 hereof or, at the option of the District, Section 10.3 hereof. Each insurance policy provided for in Section 9.4 hereof shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the District, the Authority or the Trustee without first giving written notice thereof to the District, the Authority and the Trustee at least thirty days in advance of such cancellation or modification. Certificates evidencing all insurance policies issued pursuant to this Section 9.4 or Section 9.5 hereof shall be deposited with Trustee.

Section 9.5. Public Liability Insurance. The District agrees self-insure or 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 District for property damage for any occurrence. In the event that the limits on governmental liability established by Title 63G, Chapter 7, Utah Code Annotated 1953, as amended, are increased, the amounts required by this Section 9.5 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 9.5 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 District and (ii) such program shall be reviewed at least annually by an actuarial consultant (including professional staff of the District), 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 and the Trustee. The District may not self-insure for property/casualty insurance without the prior consent of any Security Instrument Issuer.

Section 9.6. Worker's Compensation Coverage. At all times from the date hereof until the end of the Lease Term, the District 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 District working in, on or about the Projects, including coverage for occupational diseases.

Section 9.7. Advances. In the event the District shall fail to maintain the full insurance coverage required by this Master Lease or to keep the Projects in good repair and operating condition, the Trustee may take out the required policies of insurance and pay the premiums on the same or may 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 one-month U.S. Federal Treasury Rate, but in no event less than a rate of 3.5% per annum, the District agrees to pay, from and to the extent of available District Funds.

Section 9.8. Failure to Provide Insurance. In the event the Authority is required under Security Documents to reimburse the Trustee for any insurance policies required by this Article, the District will promptly pay directly to the Trustee all premiums for said insurance, and until payment is made by the District therefor, the amount of all such premiums which have been paid by the Trustee shall bear interest at the one-month U.S. Federal Treasury Rate, but in no event less than a rate of 3.5% per annum. The District shall, upon the Authority's reasonable request, deposit with the Trustee on the first of each month, monthly installments each in an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by this Article. The District 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 District and the District shall immediately deposit an amount equal to such deficiency with the Trustee. The District shall pay to the Trustee, all reasonable fees for extraordinary services rendered by the Trustee pursuant to this Section 9.8.

ARTICLE X

DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 10.1. Damage. Destruction and Condemnation. If, prior to the termination of the Lease Term and the payment in full of the Bonds (or the making of provisions for the payment thereof in accordance with the 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 District shall be obligated, from and to the extent of District Funds and subject to the provisions of Section 10.3 of this Master Lease, to continue to pay the amounts specified in Sections 10.2, 6.2 and 6.3 of this Master Lease regardless of whether said Projects shall have been accepted.

Section 10.2. Obligation of the District to Repair and Replace a Project. Subject to the provisions of Section 10.3 of this Master Lease, the District, 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 applicable Construction Fund accounts if received before the Completion Date and in a separate trust fund under the 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 District upon receipt of a requisition acceptable to the Trustee signed by the District 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 applicable Construction Fund accounts 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 Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the Indenture), any balance remaining in such

Construction Fund account(s) or separate trust fund shall be paid to the District. If the Net Proceeds shall be insufficient to pay in full the cost of any repair, restoration, modification or improvement, the District shall, from and to the extent of available District Funds, complete the work and pay any cost in excess of the amount of the Net Proceeds. The District agrees that, if by reason of any such insufficiency of the Net Proceeds, the District shall make any payments pursuant to the provisions of this Section 10.2, the District shall not be entitled to any reimbursement therefor from the Authority, the Trustee or the Bondholders of the Bonds nor shall the District be entitled to any diminution of the Base Rentals and Additional Rentals payable under Section 6.2 and Section 6.3 of this Master Lease. The District 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 Indenture, this Master Lease and the Security Documents, and shall be included under the terms hereof.

Section 10.3. Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the District 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 required under Section 10.2 of this Master Lease, the appropriate budget officers of the District shall, within 15 days of notice of such insufficiency, seek an appropriation from the District for an amount equal to any such insufficiency. In the event that the District 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 under Section 10.2 of this Master Lease 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 District shall have no further obligation for the payment of Base Rentals and Additional Rentals hereunder with respect to said Project or Projects, and possession of said Project or Projects as well as all rights created pursuant to this Master Lease and the interest of the District and the Authority therein and in any funds or accounts created under the Indenture with respect to said Project or Projects (except for moneys held in the Rebate Fund and 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 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 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 Indenture.

Section 10.4. Cooperation of the Authority and the Trustee. The Authority and the Trustee shall cooperate fully with the District at the expense of the District in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 10.1 of this Master Lease and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to a Project or Projects or any portion thereof or any property of the District in connection with which a Project is used and will, to the extent it may lawfully do so, and shall permit the District to litigate in any proceeding resulting therefrom in the name and behalf of the Authority and the Trustee. In no event will the Authority or the Trustee voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding or any part thereof without the written consent of the District Representative.

Section 10.5. Condemnation of Property Owned by the District. The District shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Projects.

ARTICLE XI

DISCLAIMER OF WARRANTIES; COMPLIANCE WITH LAWS AND RULES; OTHER COVENANTS

Section 11.1. Disclaimer or Warranties. NEITHER THE AUTHORITY NOR THE TRUSTEE MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECTS OR ANY OF THE EQUIPMENT OR FIXTURES THEREIN OR ANY OTHER REPRESENTATION OR WARRANTY. In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Master Lease or the existence, furnishing, functioning or the use by the District of any item, product or service provided for herein.

Section 11.2. Further Assurances and Corrective Instruments. The District and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Projects hereby leased or intended so to be or for carrying out the intention hereof.

Section 11.3. District and Authority Representatives. Whenever under the provisions hereof the approval of the District or the Authority is required, or the District or the Authority is required to take some action at the request of the other, such approval or such request shall be given for the District by the District Representative and for the Authority by the Authority Representative, and any party hereto and the Trustee shall be authorized to act on any such approval or request.

Section 11.4. Requirements of Law. During the Lease Term, the District and the Authority shall observe and comply promptly with all current and future laws, ordinances, orders, rules and regulations as the same become effective, of the federal, state, county and city governments and of all courts or other governmental authorities having jurisdiction over the Projects or any portion thereof and of all their respective departments, bureaus and officials, and of the insurance regulatory agencies having jurisdiction over the Projects, or any portion thereof, or any other body exercising similar functions, and of all insurance companies writing policies covering the Projects or any portion thereof, whether the same are in force at the commencement of the Lease Term or may in the future be passed, enacted or directed.

Section 11.5. Inspection of the Projects. The District and the Authority agree that the Trustee and the Bondholder and their duly authorized agents shall have the right at all reasonable times to enter upon the Projects and to examine and inspect the same. The Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the District and the Authority with respect to the Projects.

Section 11.6. Granting of Easements and Releases. As long as no Event of Default with respect to the Projects shall have happened and be continuing, the District 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 this Master Lease and the Indenture, free from the security interest afforded by or under this Master Lease, the Indenture and the Security Documents or the District 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 Sites 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 District Representative requesting such instrument and stating that such grant or release will not impair the effective use or interfere with the operation of such Projects or any material portion thereof; and (iii) an opinion of counsel to the District that such grant or release will not materially weaken, diminish or impair the security granted to the Bondholders and contemplated hereby or under this Master Lease, the Indenture or the Security Documents.

Section 11.7. Issuance of Refunding Bonds. Refunding Bonds may be issued by the Authority in accordance with the provisions of Section 2.13 of the General Indenture and with a corresponding effect on the Base Rentals and Additional Rentals due under this Master Lease as provided in Section 4.4 hereof.

Section 11.8. Issuance of Additional Bonds. Additional Bonds may be issued by the Authority in accordance with the provisions of Section 2.14 of the General Indenture and with a corresponding effect on the Base Rentals and Additional Rentals due under this Master Lease as provided in Section 4.4 hereof.

ARTICLE XII

CONVEYANCE OF THE PROJECTS

Section 12.1. Conveyance of the Projects.

(a) The Authority's right and interest in and to all of the Projects shall be transferred, conveyed and assigned by the Authority to the District:

(i) Upon payment by the District to the Trustee of the then applicable Purchase Option Price and upon giving not less than thirty days prior written notice to the Authority and the Trustee; or

(ii) Upon payment by the District to the Trustee of all Base Rentals and Additional Rentals required to be paid under this Master Lease during the Lease Term; or

(iii) Upon the discharge of the lien of the Indenture under Article VIII thereof.

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

(b) The District 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 Indenture. In the event the District so elects to purchase all of the Projects as provided herein, the District hereby agrees to pay such applicable Purchase Option Price (together with the other amounts constituting the purchase price for the Projects as provided herein) 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 herein shall be construed to create any obligation of the District to purchase the Projects.

(c) The District understands that, with respect to the Series 2026 Project, it may only exercise its option to purchase the Series 2026 Project only if the purchase option is exercised with respect to all of the various projects that comprise the Series 2026 Project.

Section 12.2. Release of a Project Upon Payment of Related Series of Bonds. In addition to the purchase option set forth above, the District is hereby 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 Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under this Master Lease and the Security Instrument Issuer for the related Series of Bonds shall have consented thereto (which consent shall not be unreasonably withheld) unless the related Series of Bonds have been legally defeased or refunded, a Project may be released from the lien created with respect to the Bonds and the Indenture and this Master Lease and transferred to the District (subject to Permitted Encumbrances and liens and encumbrances resulting from the failure of the District to perform or observe the agreements on its part contained in this Master Lease or otherwise consented to by the District), if (i) the District shall deposit with the Trustee the Purchase Option Price for such Projects; 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 Projects will not adversely affect the excludability of interest on the Tax-Exempt Bonds from federal gross income of the owners thereof or the status of the Bonds as Tax Credit Bonds, if applicable. The District 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.

Section 12.3. 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 this Master Lease, the Authority shall, upon receipt by the Trustee of the Purchase Option Price, or upon the payment by the District of all Base Rentals and Additional Rentals required, or upon discharge of the lien of the Indenture as the case may be, deliver to the District the following:

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

(b) All necessary documents conveying to the District 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 District in such Project; (ii) those liens and encumbrances created by the District or to the creation or suffering of which the District consented; (iii) those liens and encumbrances resulting from the failure of the District to perform or observe any of the agreements on its part contained in this Master Lease; and (iv) Permitted Encumbrances, other than the Indenture, this Master Lease, the Security Documents and any financing statements filed by the Authority pursuant to this Master Lease with respect to the Project or Projects to be released or the Indenture.

Section 12.4. Relative Position of Option and Indenture. The purchase option granted to the District in Section 12.1 hereof with respect to all of the Projects shall be and remain prior and superior to the Indenture and may be exercised whether or not an Event of Nonappropriation or Event of Default shall have occurred and be continuing hereunder or under the Indenture; provided, however, that such option must be exercised before the later of (i) ninety days after notification in writing by the Trustee to the District of the occurrence of an Event of Default under the Indenture, or (ii) the ultimate disposition of the Projects upon exercise of any available foreclosure remedy, and further provided that, as a condition of the exercise of such option, the District must pay, in addition to the Purchase Option Price, any interest payment deficiencies accruing from the date of the Event of Default and all Security Instrument Costs, Security Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations.

ARTICLE XIII

ASSIGNMENT, SUBLEASING, INDEMNIFICATION AND SELLING

Section 13.1. The Authority to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Authority shall assign to the Trustee, in order to secure payment of the Bonds, all of the Authority's right, title and interest in the Master Lease, except the Authority's rights to compensation from the District for expenses of the Authority under Section 6.3(d) of this Master Lease, the Authority's rights to indemnification from the District under Section 13.3 of this Master Lease and the obligation of the District to pay any attorneys' fees and expenses incurred by the Authority under Section 14.5 of this Master Lease.

Section 13.2. Assignment and Subleasing by the District. This Master Lease may not be assigned by the District for any reason. All or portions of a Project may be subleased by the District without the necessity of obtaining the consent of the Authority 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 District or] the State, or to a private party if the Authority or the District intends to own such Project through the useful life of such Project, and the Authority or the District determines that such ownership of such Project furthers a legitimate public purpose;

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

(c) the District 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 Indenture, this Master Lease and the Security Documents;

(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 as Tax-Exempt Bonds) or will not adversely affect the status of the Bonds as Tax Credit Bonds; and

(f) receipt by the District of the Trustee's and the Security Instrument Issuer's written consent to such sublease, which consent shall not be unreasonably withheld.

After an Event of Default or an Event of Nonappropriation and the foreclosure of the security afforded under this Master Lease, the 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.

Section 13.3. <u>Release and Indemnification Covenants</u>. To the extent of the Net Proceeds of the insurance coverage of the District, the District shall and hereby agrees to indemnify and save the Authority and the Trustee harmless against and from all claims by or on behalf of any person, firm, corporation or other legal entity arising from any work or thing done on the Projects during the Lease Term from: (i) any condition of the Projects; and (ii) any act or negligence of the District or of any of its agents, sublessees, contractors or employees or any violation of law or the breach of any covenant or warranty hereunder. The District shall indemnify and save the Authority and the Trustee harmless, from and to the extent of available moneys as set forth above, from any such claim arising as aforesaid from (i) or (ii) above, or in connection with any action or proceeding brought thereon and, upon notice from the Authority or the Trustee, shall defend them or either of them in any action or proceeding.

In exchange for the District's agreement to indemnify the Trustee and the Authority as provided in this Section 13.3, the Authority and Trustee hereby agree to cooperate with the District in asserting any cause of action that they might individually or as a group have against any third parties with respect to the Projects. Furthermore, in no event will the Authority or Trustee voluntarily settle or consent to the settlement of any proceeding arising out of any claim applicable to the Projects without the written consent of the District Representative and any Security Instrument Issuer, which consent shall not be unreasonably withheld.

Section 13.4. References to Bonds Ineffective After Bonds Paid. Upon payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and all fees and charges of Trustee, all references in this Master Lease to said Bonds and Trustee shall be ineffective and neither the Trustee nor the Bondholders shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested.

Section 13.5. Installation of the Furnishings and Machinery of the District. The District or any sublessee of the District may, from time to time in its sole discretion and at its own expense, install machinery, equipment and other tangible property in a Project. All such machinery, equipment and other tangible property, except any machinery, equipment and other tangible property substituted for machinery, equipment and tangible property purchased with proceeds of the Bonds as provided in Section 13.6 hereof, shall remain the sole property of the District or sublessee of the District, as applicable, in which neither the Authority nor the Trustee shall have any interest and may be removed by the District or sublessee of the District, as applicable, at any time; provided, however, that the District or sublessee of the District, as applicable, shall be obligated to repair any damage to the Projects, at its own cost and expense, resulting from any such removal.

Section 13.6. Equipment Purchased with Proceeds of the Bonds. Any item of equipment shall be labeled, to the extent practicable, to indicate that it is owned by the Authority, subject to the Indenture, the Security Documents and this Master Lease. Equipment financed with proceeds of the Bonds may not be relocated by the District from the Projects. Any item of such equipment which shall be determined by the District to be no longer usable in connection with the operation of the Projects may be sold by the District after written notice to the Trustee and upon (i) substitution of equipment of comparable or greater value or (ii) deposit of the proceeds thereof in the Bond Fund. Upon any such sale, the equipment so sold shall be released from the Indenture, this Master Lease, the Security Documents and the security interest created thereunder and hereunder. The parties hereto recognize a $50,000 aggregate de minimis exception to this Section 13.6 for equipment making up a portion of the Projects.

ARTICLE XIV

EVENTS OF DEFAULT AND REMEDIES

Section 14.1. Events of Default Defined. Any one of the following shall be an "Event of Default" under this Master Lease:

(a) Failure by the District to pay any Base Rentals or Additional Rentals required to be paid under Sections 6.2 and 6.3 of this Master Lease at the time specified therein, in the absence of an Event of Nonappropriation; or

(b) Failure by the District 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 thirty days after written notice, specifying such failure and requesting that it be remedied, given to the District 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 District within the applicable period and diligently pursued until the default is corrected; or

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

(d) The District's interest in this 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 hereunder; or

(e) The District shall file any petition or institute any proceedings wherein or whereby the District seeks to be adjudicated a bankrupt, or to be discharged from any and all of its debts or obligations, or offers to the District's creditors to effect a composition or extension of time to pay the District's debts, or seeks a reorganization or a readjustment of the District'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 District and the same shall not have been dismissed or otherwise resolved in favor of the District within sixty days from the filing or institution thereof; or

(f) Dissolution of the Authority prior to the full repayment of the Series 2026 Bonds.

The foregoing provisions of this Section 14.1 are subject to the following limitations: (i) the obligations of the District to make payments of the Base Rentals and Additional Rentals as provided in Section 6.2 and Section 6.3 of this Master Lease shall be subject to the occurrence of an Event of Nonappropriation; and (ii) if, by reason of Force Majeure, the District shall be unable, in whole or in part, to carry out any agreement on its part herein contained, other than the obligations on the part of the District contained in Article VI hereof, the District shall not be deemed in default during the continuance of such inability. The District agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the District 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 District, and the District 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 District, unfavorable to the District.

Section 14.2. Remedies on Default. Whenever any Event of Default referred to in Section 14.1 of this Master Lease shall have happened and be continuing, subject to the limitations contained in the Indenture and the rights of any Security Instrument Issuer (so long as the Security Instrument Issuer is not in default under its Security Instrument), 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 the Trustee may have under the Indenture or 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 Projects, including, without limitation, the right to terminate the Lease Term.

Upon the occurrence of an Event of Default, the District shall immediately quit and vacate the Projects and its obligation to pay Base Rentals or Additional Rentals hereunder shall terminate. Any moneys collected pursuant to action taken under this Section 14.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 14.3. Limitations on Remedies. No judgment requiring a payment of money may be entered against the District by reason of an Event of Default under this Master Lease, except as expressly provided herein. In the event the security interest created under the Indenture, this Master Lease or the Security Documents shall be foreclosed subsequent to the occurrence of an Event of Default, no deficiency judgment may be entered against the District or the Authority.

Section 14.4. No Remedy Exclusive. No remedy herein conferred 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 hereunder 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 this Article XIV, it shall not be necessary to give any notice, other than such notice as may be required in this Article XIV.

Section 14.5. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall default under any of the provisions hereof and the non-defaulting party shall employ attorneys or incur other expenses for the collection of Base Rentals and Additional Rentals, or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party, to the extent that such attorneys' fees and expenses may be determined to be reasonable by a court of competent jurisdiction; provided, however, that the obligation of the District under this Section 14.5 shall be subject to the availability of District Funds and the obligation of the Authority shall be limited to amounts legally available therefor.

Section 14.6. No Additional Waiver Implied by One Waiver. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Lease Term. This Master Lease shall remain in effect from the date hereof until the termination of the Lease Term as provided in Section 4.2 of this Master Lease.

Section 15.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows: if to the Authority, the Local Building Authority of Hurricane Valley Fire Special Service District, 202 East State Street, Hurricane, Utah 84737, Attention: Chair/President; if to the District, 202 East State Street, Hurricane, Utah 84737, Attention: Chair; if to the Trustee, Zions Bancorporation, National Association, 7860 South Bingham Junction Blvd. Midvale Utah, 84047, Attention: Corporate Trust Department Attention: Corporate Trust Department. A duplicate copy of each notice, certificate or other communication given hereunder by the Authority and the District shall also be given to the Trustee. The Authority, the District and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.3. Binding Effect. This Master Lease shall inure to the benefit of and shall be binding upon the Authority, the District and their respective successors and assigns, subject, however, to the limitations contained in Sections 2.2(f) and 13.2 of this Master Lease.

Section 15.4. Severability. In the event any provision of this Master Lease (other than the obligation of the District to pay Base Rentals or Additional Rentals) shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and in the event any provision of this Master Lease were to invalidate the Bonds, such provision shall be rendered invalid and unenforceable, but shall not invalidate or render unenforceable any other provision hereof.

Section 15.5. Amounts Remaining in the Bond Fund and Debt Service Reserve Fund; Dissolution. It is agreed by the parties hereto that any amounts remaining in the Bond Fund and the Debt Service Reserve Fund upon expiration or sooner termination of the Lease Term, as provided in this Master Lease, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of Trustee and any paying agents in accordance with the Indenture and all other amounts due under the Indenture and payment of all Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations, shall belong to and be paid to the District by the Trustee as an overpayment of Base Rentals and Additional Rentals. Upon dissolution of the Authority, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and payment in full of other obligations of the Authority, Security Instrument Costs, Security Instrument Repayment Obligations, Reserve Instrument Costs and Reserve Instrument Repayment Obligations any assets and net earnings of the Authority shall be paid to the District in accordance with the Building Authority Act.

Section 15.6. 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 Indenture), and except as otherwise herein expressly provided, this Master Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and any Security Instrument Issuer in accordance with provisions of the Indenture.

Section 15.7. Execution in Counterparts. This Master Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.8. Net Lease. This Master Lease shall be deemed and construed to be a "net lease," and the District shall pay absolutely net during the Lease Term the Base Rentals, Additional Rentals and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff, other than those herein expressly provided.

Section 15.9. Applicable Law. This Master Lease shall be governed by and construed in accordance with the laws of the State.

Section 15.10. Captions. The captions or headings in this Master Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Master Lease.

Section 15.11. No Personal Liability. No person executing this Master Lease or any of the Bonds, the Indenture or the Security Documents shall be subject to personal liability or accountability by reason of such action or the issuance of the Bonds.

APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING WASHINGTON COUNTY

The following demographic information is provided solely as background information regarding Washington County, Utah (the "County") the general area in which the District is located.

The County is situated in the southwestern part of Utah. It is bordered by Iron County to the north, Kane County to the East, Nevada to the West, and Arizona to the South. The County is 2,422 square miles in area. The County is one of the fastest growing areas of the country and provides a mild winter climate, beautiful scenery, and a comfortable lifestyle. The County's economy is based upon tourism, education, services, trade, and construction. Zion National Park is encompassed within the County.

Population of County and State

Year	County	% Increase	State	% Increase
2025 Estimate	213,670	2.51%	3,538,904	1.03%
2024 Estimate	208,431	2.70	3,502,983	1.56
2023 Estimate	202,953	2.53	3,449,259	1.63
2022 Estimate	197,936	3.35	3,393,928	1.62
2021 Estimate	191,519	6.23	3,339,874	2.09
2020 Census	*180,279*	*1.53*	*3,271,616*	*2.05*
2019 Estimate	177,556	3.49	3,205,958	1.66
2018 Estimate	171,567	3.40	3,153,550	3.67
2017 Estimate	165,929	4.13	3,101,042	1.95
2016 Estimate	159,352	–	3,041,868	–
2010 Census	*138,115*	*52.90%*	*2,763,885*	*23.80%*
2000 Census	*90,354*	*86.1*	*2,233,169*	*29.6*

Note: The Census counts are as of April 1 of such year; the annual population estimates are as of July 1 of the year given.
(Source: U.S. Census Bureau.)

Rate of Unemployment – Annual Averages

Year	County	State	United States
2024	3.3%	3.2%	4.0%
2023	2.9	2.7	3.6
2022	2.7	2.4	3.6
2021	3.0	2.8	5.3
2020	5.5	4.8	8.1
2019	2.9	2.5	3.7
2018	3.2	2.9	3.9
2017	3.4	3.1	4.4
2016	3.6	3.3	4.9
2015	4.0	3.5	5.3

(Source: Utah Department of Workforce Services; U.S. Bureau of Labor Statistics.)

Economic Indicators

LABOR FORCE (1)	2025	2024	2023	2022	2021
Labor Force (annual average)	n/a	94,040	90,653	86,367	82,732
Employed (annual average)	n/a	90,898	87,995	84,067	82,732
Unemployed (annual average)	n/a	3,142	2,658	2,300	2,503
Unemployment Rate	n/a	3.3%	2.9%	2.7%	3.0%
Average Employment (Non-Farm Jobs)	907,90	87,586	84,498	80,995	77,095
% Change Prior Year	*3.66*	*3.63*	*4.32*	*5.06*	*7.75*
Average Employment by Sector:					
Agriculture, Forestry, Fishing & Hunting	121	68	80	103	115
Mining	483	478	479	524	417
Utilities	358	313	284	272	253
Construction	10,507	10,361	9,797	9,923	9,286
Manufacturing	4,212	4,141	3,960	4,097	3,932
Wholesale Trade	1,974	1,965	1,896	1,874	1,406
Retail Trade	12,067	12,170	12,079	11,265	11,198
Transportation & Warehousing	5,492	4,864	4,714	4,813	4,774
Information	1,142	1,119	1,095	951	867
Finance and Insurance	1,822	1,745	1,568	1,628	1,684
Real Estate, Rental & Leasing	1,528	1,453	1,349	1,276	1,227
Professional, Scientific & Technical Services	3,822	3,630	3,814	3,456	3,235
Management of Companies & Enterprises	315	268	200	169	213
Administrative, Support, Waste Mgmt, & Remediation	4,445	4,330	4,199	3,534	3,370
Education Services	7,371	6,992	6,761	6,533	6,135
Health Care & Social Assistance	14,888	14,319	13,672	12,821	12,442
Arts, Entertainment, & Recreation	3,157	2,895	2,733	2,524	2,349
Accommodation & Food Services	11,361	10,815	10,270	9,961	9,273
Other Services & Unclassified	2,678	2,691	2,669	2,508	2,345
Public Administration	3,047	8,273	2,894	2,762	2,572
Total Establishments	8,409	8,273	8,099	7,906	7,933
Total Wages ($Millions)	4,582.9	4,229.5	3,914.0	3,609.4	3,237.8

INCOME AND WAGES	2025	2024	2023	2022	2021
Total Personal Income ($000) (2)	n/a	$12,070,405	11,014,315	10,212,743	9,717,589
Per Capita Income (2)	n/a	58,047	54,405	50,650	50,741
Median Household Income (2)	n/a	n/a	78,094	75,572	63,639
Avg Monthly Nonfarm Wage (1)	$4,206	$4,024	$3,859	$3,714	$3,500

SALES & CONSTRUCTION	2025	2024	2023	2022	2021
Gross Taxable Sales ($000) (3)	7,511.9	7,081.6	6,718.8	6,734.3	6,217.2
New Dwelling Units (4)	2,888	3,066	2,916	3,445	3,835
Total Construction Value ($000)(4)	1,235,280.7	1,067,678.5	914,652.0	1,148,550.4	1,034,810.3
New Residential Value ($000) (4)	715,744.1	573,205.3	532,546.4	640,932.2	770,836.6
New Nonresidential Value ($000)(4)	393,303.3	355,662.1	320,905.1	432,813.6	228,764.1

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2024; (3) Utah State Tax Commission; (4) University of Utah Bureau of Economic and Business Research.)

Major Employers in the County

(Average Annual Employment 250 and above)

Company Name	Type of Business	Employee Range
Intermountain Health Care	Health Care and Social Assistance	4,000-4,999
Washington School District	Educational Services	3,000-3,999
Utah Tech University	Educational Services	2,000-2,999
Wal-Mart	Retail Trade	1,000-1,999
City of St George	Public Administration	1,000-1,999
The Home Depot	Retail Trade	500-999
Skywest Airlines	Transportation and Warehousing	500-999
Washington County	Public Administration	500-999
City of Washington	Arts, Entertainment, and Recreation	500-999
Smith's Food and Drug	Retail Trade	500-999
State of Utah	Public Administration	500-999
Eagle Ranch Academy	Health Care and Social Assistance	500-999
Stephen Wade Auto Center	Retail Trade	250-499
Costco Wholesale	Retail Trade	250-499
Wilson Electronics	Manufacturing	250-499
Harmons	Retail Trade	250-499
Andrus Transportation Services	Transportation and Warehousing	250-499
Family Dollar Services	Transportation and Warehousing	250-499
McDonald's	Accommodation and Food Services	250-499
Associated Retail Operations	Grocery and Retail Trade	250-499
Sunroc Corporation	Mining, Quarrying, and Oil and Gas Extraction	250-499
Maverik	Retail Trade	250-499
Tuacahn Center for the Arts	Arts, Entertainment, and Recreation	250-499
Ram Manufacturing Company	Manufacturing	250-499
Balance of Nature	Retail Trade	250-499
TG Administration	Arts, Entertainment, and Recreation	250-499
Hurricane City	Public Administration	250-499

(Source: Utah Department of Workforce Services; last updated October 2025.)

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by Hurricane Valley Fire Special Service District, Utah (the "District") in connection with the issuance of the Local Building Authority of Hurricane Valley Fire Special Service District, Utah Lease Revenue Bonds, Series 2026 in the aggregate principal amount of $[__________] (the "Series 2026 Bonds"). The Series 2026 Bonds are being issued pursuant to a General Indenture of Trust dated as of August 1, 2026, and a First Supplemental Indenture of Trust dated as of August 1, 2026 (together, the "Indenture") by and between the Local Building Authority of Hurricane Valley Fire Special Service District, Utah (the "Issuer") and Zions Bancorporation, National Association, as trustee (the "Trustee"), a resolution of the Issuer adopted on June 11, 2026, and a resolution of the District adopted on June 11, 2026.

The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the District for the benefit of the Bondholders and Beneficial Owners of the Series 2026 Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below). The District acknowledges that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Undertaking, and has no liability to any person, including any holder or Beneficial Owner of the Series 2026 Bonds, with respect to any such reports, notices or disclosures. The District represents that it will be the only obligated person with respect to the Series 2026 Bonds at the time the Series 2026 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 Series 2026 Bonds.

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2026 Bonds (including persons holding Series 2026 Bonds through nominees, depositories, or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"MSRB" shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington D.C. 20005; Telephone (202) 838-1500; the website address of which is www.msrb.org and www.emma.msrb.org (for municipal disclosures and market data).

"Official Statement" shall mean the Official Statement of the Issuer dated [__________], 2026 relating to the Series 2026 Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Series 2026 Bonds required to comply with the Rule in connection with the offering of the Series 2026 Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Report.

(a) The District shall, or shall cause the Dissemination Agent to, not later than July 31 following the end of each fiscal year of the Issuer (presently December 31) commencing with the fiscal year ending December 31, 2026, provide to the MSRB in electronic format an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than 15 business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable to provide an Annual Report to the MSRB by the date required in subsection (a) or the Dissemination Agent has not received a copy to file by such date, the District or the Dissemination Agent shall, in a timely manner, provide a notice of failure to file the Annual Report to the MSRB in an electronic format.

(c) The District or the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report shall contain or incorporate by reference the following:

(i) A copy of the District's annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If the District's audited annual financial statements are not available by the time specified in 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(ii) An update of the information of the type contained in the Official Statement in the tables under the headings, "DEBT STRUCTURE OF THE AUTHORITY AND THE DISTRICT—Authority Obligations, and —District Obligations, —Computation of Overlapping General Obligation Debt," "—Debt Ratios," "FINANCIAL INFORMATION REGARDING THE DISTRICT—Sources of General Fund Revenues," "—Five-Year Financial Summaries," and "—Taxable and Fair Market Value of Property in the District," and "—Property Tax Levies and Collections."

(b) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the District is an "obligated person" (as defined by the Rule), which have been submitted to the public on the Internet website of the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such document incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2026 Bonds in a timely manner not more than ten (10) business days after the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2026 Bonds, or other material events affecting the tax status of the Series 2026 Bonds;

(vi) Defeasances;

(vii) Tender offers;

(viii) Bankruptcy, insolvency, receivership or similar proceedings;

(ix) Rating changes; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District or the Issuer, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2026 Bonds in a timely manner not more than 10 business days after the Listed Event, if material:

(i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

(ii) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent;

(iii) Non-payment related defaults;

(iv) Modifications to the rights of the owners of the Series 2026 Bonds;

(v) Series 2026 Bond calls;

(vi) Release, substitution or sale of property securing repayment of the Series 2026 Bonds; or

(vii) Incurrence of a Financial Obligation of the District or Issuer or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District or the Issuer, any of which affect security holders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the District determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) business days after the Listed Event.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Undertaking shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Series 2026 Bonds; (ii) the date that the District shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written agreement are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series 2026 Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment, Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District and the Dissemination Agent may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, without the consent of the holders of the Series 2026 Bonds, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver does not, in and of itself, cause the agreement herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The District will provide notice of such amendment or waiver to the MSRB.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the District shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder or Beneficial Owner of the Series 2026 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2026 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the District, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2026 Bonds and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: __________, 2026.

HURRICANE VALLEY FIRE SPECIAL SERVICE DISTRICT, UTAH

____
Chair

ATTEST:

____
District Clerk

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon the issuance of the Series 2026 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Authority, proposes to issue its approving opinion in substantially the following form.

Re: $__________ Local Building Authority of Hurricane Valley Fire Special Service District, Utah Lease Revenue Bonds, Series 2026

To the Addressees:

We have acted as bond counsel to the Local Building Authority of Hurricane Valley Fire Special Service District (the "Issuer"), in connection with the issuance by the Issuer of the above-captioned bonds (the "Series 2026 Bonds"). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Series 2026 Bonds are being issued pursuant to (i) the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated 1953, as amended (the "Building Authority Act"), and the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the "Bonding Act" and together with the Building Authority Act, the "Act"), and other provisions of state law; (ii) resolutions adopted on June 11, 2026, by the governing body of the Issuer and the Board of Trustees of Hurricane Valley Fire Special Service District (the "District") and (iii) a General Indenture of Trust dated as of August 1, 2026 (the "General Indenture"), as supplemented by a First Supplemental Indenture of Trust dated as of August 1, 2026 (the "First Supplemental Indenture" and together with the General Indenture, the "Indenture"), each between the Issuer and Zions Bancorporation, National Association, as trustee.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Indenture.

The Series 2026 Project has been leased by the Issuer to the District on an annually renewable basis and with an option to purchase, exercisable by the District, pursuant to the terms of a Master Lease Agreement dated as of August 1, 2026 (the "Lease") between the Issuer and the District. Payments by the District under the Lease may be made only from funds which are budgeted and appropriated by the District for such purpose. Except to the extent payable from the proceeds of the Series 2026 Bonds and income from the investment thereof, the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any, the Series 2026 Bonds are payable solely from, and are secured by a pledge of, rentals derived by the Issuer under the Lease. The Indenture provides that the Series 2026 Bonds and the interest thereon (i) are not general obligations, but are special, limited obligations of the Issuer, (ii) do not constitute an indebtedness of the District within the meaning of any constitutional provision or statutory limitation, and (iii) do not constitute or give rise to a pecuniary liability of the District or a charge against the general credit or taxing powers of the District. Neither the District nor the Issuer on its behalf has pledged the credit of the District to the payment of the Series 2026 Bonds or the interest thereon or rentals under the Lease.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Indenture, on the certified proceedings and other certifications of representatives of the Issuer and the District and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a validly existing nonprofit corporation incorporated and existing pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a, the Utah Code Annotated 1953, as amended and as provided in the Local Building Authority Act Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, with the power to execute the Indenture and perform the agreements on its part contained therein, and issue the Series 2026 Bonds.

2. The Indenture has been authorized, executed and delivered by the Issuer and constitutes a valid and binding obligation enforceable against the Issuer.

3. The Lease has been authorized, executed and delivered by the District and the Issuer, and constitutes a valid and binding obligation enforceable against the District and the Issuer.

4. The Series 2026 Bonds have been duly authorized and executed by the Issuer and are valid and binding limited obligations of the Issuer. The Series 2026 Bonds do not constitute a general obligation indebtedness of the Issuer or the District within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer has no taxing power.

5. The interest on the Series 2026 Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer and the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and the District have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds.

6. The interest on the Series 2026 Bonds is exempt from State of Utah individual income taxes.

The rights of the owners of the Series 2026 Bonds and the enforceability of the Series 2026 Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Series 2026 Bonds, except as may be set forth in our supplemental opinion of even date herewith, (b) the attachment, perfection, or priority of the lien on the rentals derived by the Issuer under the Lease or other funds created by the Indenture, or (c) the tax consequences arising with respect to the Series 2026 Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Very truly yours,

APPENDIX F

PROVISIONS REGARDING BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has S&P Global's 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 www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 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 detail information from the Authority or the Paying Agent, 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 Paying Agent, 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 interest 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 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, 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.