
OFFICIAL NOTICE OF BOND SALE

and

PRELIMINARY OFFICIAL STATEMENT



**Local Building Authority of Salt Lake City Mosquito
Abatement District, Utah**

**\$7,580,000* Lease Revenue Refunding Bonds, Series 2020,
payable from lease payments to be made, subject to annual appropriation by
Salt Lake City Mosquito Abatement District, Utah**

Electronic bids will be received up to 9:30:00 A.M., Mountain Daylight Time (MDT) by means of the *PARITY*[®] electronic bid submission system, on Thursday, June 11, 2020.

* Preliminary; subject to change.

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OFFICIAL NOTICE OF BOND SALE

(Bond Sale to be Conducted Electronically)

Local Building Authority of Salt Lake City Mosquito Abatement District, Utah

\$7,580,000* Lease Revenue Refunding Bonds, Series 2020

Bids will be received electronically (as described under “Procedures Regarding Electronic Bidding” below) by Zions Public Finance, Inc., Salt Lake City, Utah, the municipal advisor (the “Municipal Advisor”) to Local Building Authority of Salt Lake Mosquito Abatement District, Utah (the “Issuer”), on the *PARITY*[®] bidding system (“*PARITY*[®]”) at 9:30:00 a.m., M.D.T., on Thursday, June 11, 2020, for the purchase all or none (“AON”) of \$7,580,000* aggregate principal amount of the Issuer’s Lease Revenue Bonds, Series 2020 (the “2020 Bonds”). The bids will be reviewed and considered by certain designated officers of the Issuer before 5:00 p.m., M.D.T. on said Thursday, June 11, 2020.

The 2020 Bonds are to be issued pursuant to a General Indenture of Trust, dated as of March 1, 2017, as heretofore amended and supplemented and as further supplemented by the Third Supplemental Indenture of Trust, dated as of June 1, 2020 (collectively, the “Indenture”), each by and between the Issuer and U.S. Bank National Association, as trustee, and to be payable from, and secured by, annually renewable lease payments (“Base Rentals”) and certain other amounts to be paid by the Salt Lake City Mosquito Abatement District, Utah (the “District”), pursuant to an annually renewable a Master Lease Agreement dated as of March 1, 2017, as heretofore amended and supplemented and as further amended and supplemented by a Second Amendment to Master Lease Agreement dated as of June 1, 2020 (collectively, the “Lease”) between the Issuer (as lessor) and the District (as lessee), as more fully described under “Security for the 2020 Bonds” herein.

Description of 2020 Bonds

The 2020 Bonds will be dated the date of delivery thereof, will be fully registered bonds, in book-entry form, in denominations of \$5,000 or integral multiples thereof, and will mature on February 15 of the years and in the principal amounts as follows:

<u>Maturity</u> <u>(February 15)</u>	<u>Amount*</u>	<u>Maturity</u> <u>(February 15)</u>	<u>Amount*</u>
2021	\$300,000	2030	\$ 430,000
2022	310,000	2031	445,000
2023	325,000	2032	460,000
2024	340,000	2033	475,000
2025	350,000	2034	485,000
2026	365,000	2035	500,000
2027	380,000	2036	520,000
2028	395,000	2037	535,000
2029	415,000	2038	<u>550,000</u>
		Total	<u>\$7,580,000*</u>

The 2020 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee. The Depository Trust Company

* Preliminary; subject to change

will act as securities depository for the 2020 Bonds. Purchases of beneficial interests in the 2020 Bonds will be made in book–entry form in the denomination of \$5,000 or any whole multiple thereof.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder’s Option

The 2020 Bonds scheduled to mature on two or more of the above–designated maturity dates may be rescheduled, at bidder’s option, to mature as term bonds on one or more dates within that period, in which event the 2020 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates, as adjusted.

Adjustment of Principal Amount of the 2020 Bonds

The Issuer reserves the right, following determination of the best bid(s) to reduce or increase the principal amount of each maturity of the 2020 Bonds. The adjustment of maturities may be made in such amounts as are necessary to provide the Issuer with desired debt service payments during the life of the 2020 Bonds and to properly size the issue so that the proceeds available to the Issuer will be approximately \$8,410,000. Any such adjustment will be in an amount of \$5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any such changes, and the Issuer will consider the bid as having been made for the adjusted amount of the 2020 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2020 Bonds to the public and the price to be paid to the Issuer, by (b) the principal amount of the 2020 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The Issuer expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., M.D.T., on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2020 Bonds will be adjusted and the corresponding changes to the principal amount of 2020 Bonds maturing on one or more of the above–designated maturity dates for the 2020 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder(s) is required to indicate by electronic means or facsimile transmission to the Municipal Advisor at brian.baker@zionsbancorp.com or fax number 801.844.4484 within one–half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2020 Bonds and the amount received from the sale of the 2020 Bonds to the public that will be retained by the successful bidder(s) as its compensation.

Redemption Provisions

Optional Redemption. The 2020 Bonds maturing on and after February 15, 2031 are subject to redemption prior to maturity in whole or in part at the option of the Issuer on February 15, 2030 (the “First Redemption Date”) or on any date thereafter, from such maturities or parts thereof as shall be selected by the Issuer at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, upon not less than 30 days’ prior written notice. 2020 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Extraordinary Redemption in the Event of Damage, Destruction or Condemnation of the 2017 Project. The 2020 Bonds are callable for redemption prior to maturity in whole on any date, if (i) the 2017 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 2017 Project shall become apparent, or title to or the use of all or any material portion of the 2017 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 2017 Project, and (iii) the District elects to discharge its obligation to repair and replace such portion of the 2017 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 2017 Project under the Master 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 2017 Project, and possession of the 2017 Project, as well as all right, title and interest of the District and the Issuer in any funds or accounts created under the Indenture with respect to the 2017 Project shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Security Documents applicable to the 2017 Project may, subject to the limitations of described in the General Indenture, be foreclosed and the Issuer's interest in the 2017 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 2017 Project (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 Bonds at the earliest date practicable, as specified in a written notice from the Issuer to the Trustee. Any such redemption of the 2020 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.

Possible Rejection of All Bids

As described below under "Sale Reservations," the Issuer reserves the right to reject any and all bids and to resell the 2020 Bonds. In such case the Issuer may elect to negotiate a subsequent sale of the 2020 Bonds or hold an additional competitive bid.

Rating and Bond Insurance at Bidder's Option

Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond rating of "Aa3" to the 2020 Bonds. The Issuer will, at its own expense, pay fees of Moody's for rating the 2020 Bonds. *Any additional ratings shall be at the option and expense of the bidder.*

Each bidder may include in its bid a proposal to obtain, at its expense, a municipal bond insurance policy issued by an insurer acceptable to the Issuer with respect to all or a portion of the 2020 Bonds.

Purchase Price

The purchase price bid for the 2020 Bonds shall not be less than 100% of the principal amount of the 2020 Bonds (\$7,580,000).

Interest Rates

The 2020 Bonds will bear interest at any number of different rates, any of which may be repeated, which rates shall be expressed in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%) per annum. In addition:

1. no rate bid may exceed 5.00% per annum;
2. all 2020 Bonds of the same maturity must bear a single rate of interest;
3. a zero rate cannot be named for all or any part of the time from the date of any 2020 Bond to its stated maturity;
4. premium must be paid in the funds specified for the payment of the 2020 Bonds as part of the purchase price;
5. interest shall be computed from the dated date of a 2020 Bond to its stated maturity date at the single interest rate specified in the bid for the 2020 Bonds of such maturity;

6. the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for federal funds;
7. there shall be no supplemental interest coupons; and
8. interest shall be computed on the basis of a 360-day year of 12, 30-day months.

Interest on the 2020 Bonds will be payable semiannually on February 15 and August 15, beginning August 15, 2020, at the rate or rates to be fixed at the time the 2020 Bonds are sold.

Payment of Principal and Interest

U.S. Bank National Association will be the trustee, paying agent and bond registrar of the 2020 Bonds. So long as The Depository Trust Company, New York, New York (“DTC”), is the registered owner, DTC will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the beneficial owners of the 2020 Bonds as described under the caption “THE 2020 BONDS—Book-Entry System” in the Issuer’s Preliminary Official Statement with respect to the 2020 Bonds. Interest on the 2020 Bonds will be payable by check or draft mailed to the registered owners thereof (initially DTC) as shown on the registration books kept for the Issuer by the bond registrar.

Security for the 2020 Bonds

The principal of, and premium (if any) and interest on, the 2020 Bonds are payable from, and secured by, annually renewable Base Rentals to be paid by the District pursuant to the Lease, subject to annual appropriation by the District of amounts sufficient to pay such Base Rentals and certain other amounts payable under the Lease. The 2020 Bonds are also payable from certain funds and accounts held under the Indenture.

The obligation of the District to pay any rentals is annually renewable as provided in the Lease. Neither the obligation of the Board to pay rentals nor the obligation of the Issuer to pay the 2020 Bonds will constitute a debt of the District or the State of Utah or any political subdivision thereof. The issuance of the Series 2020 bonds does not directly or contingently obligate the District to pay any rentals. The Issuer has no taxing power.

Procedures Regarding Electronic Bidding

No bid will be accepted unless the Issuer has determined that such bidder has provided the requested Deposit as described under “Good Faith Deposit” below.

Bids will be received by means of the *PARITY*[®] electronic bid submission system. A prospective bidder must communicate its bid electronically through *PARITY*[®] on or before 9:30:00 a.m. M.D.T. on Thursday, June 11, 2020. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY*[®] conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about *PARITY*[®], potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, New York 10018; 212.849.5021. The time as maintained by *PARITY*[®] shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access *PARITY*[®] for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Municipal Advisor, the Issuer nor i-Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the Issuer nor i-Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any

damages caused by, *PARITY*[®]. The Issuer is using *PARITY*[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the 2020 Bonds.

Notification

The Municipal Advisor will notify the apparent successful bidder(s) (electronically via *PARITY*[®]) as soon as possible after the Issuer's receipt of bids, that such bidder's bid appears to be the lowest and best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken by at the Issuer as described in the next succeeding paragraph.

The award of the 2020 Bonds to the successful bidder(s) will be made by designated officers of the Issuer before 5:00 p.m., M.D.T., on Thursday, June 11, 2020, pursuant to a resolution previously adopted by the governing body of the Issuer.

Form of Bid

Each bidder for the 2020 Bonds is required to transmit electronically via *PARITY*[®] an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price (as described under "Purchase Price" above) at which the bidder will purchase the 2020 Bonds. Each bid must be for all the 2020 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2020 Bonds represented on a TIC basis, as described under "Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*[®]; provided, however, that in the event a prospective bidder cannot access *PARITY*[®], through no fault of its own, it may so notify the office of the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before the time bids are due as stated above, on Thursday, June 11, 2020. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by *PARITY*[®], shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates of the 2020 Bonds and the total purchase price of all of the 2020 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the Issuer nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid (by electronic means or facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., M.D.T., on Thursday, June 11, 2020.

Right of Cancellation

The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the 2020 Bonds if the Issuer shall fail to execute the 2020 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder(s) shall be entitled to the return of the Deposit.

Award

Award or rejection of bids will be made on Thursday, June 11, 2020, by certain designated officers of the Issuer before 5:00 p.m. M.D.T. The 2020 Bonds will be awarded to the responsible bidder offering to

pay the lowest effective interest cost to the Issuer, computed from the date of the 2020 Bonds to maturity and taking into consideration the premium or discount, if any, in the purchase price of the 2020 Bonds. The effective interest rate to the Issuer shall be the interest rate per annum determined on a per annum true interest cost (“TIC”) based on the discounting of the scheduled semiannual debt service payments of the Issuer on the 2020 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2020 Bonds, compounded semiannually, and to the bid price, excluding accrued interest, if any to the date of delivery. Interest cost shall be computed on a 360-day year of 12, 30-day months.

Good Faith Deposit

A good faith deposit (the “Deposit”) in the amount of \$75,000 is required only from the successful bidder(s). The Deposit shall be payable to the order of the Issuer in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 noon, M.D.T., on Thursday, June 11, 2020. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Issuer. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Issuer shall, as security for the faithful performance by the successful bidder(s) of its obligation to take up and pay for the 2020 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder(s) and hold the proceeds of the Deposit of the successful bidder(s), or invest the same (at the Issuer’s risk) in obligations which mature at or before the delivery of the 2020 Bonds as described under the caption “Manner and Time of Delivery” below, until disposed of as follows: (a) at such delivery of the 2020 Bonds and upon compliance with the successful bidder’s obligation to take up and pay for the 2020 Bonds, the full amount of the Deposit held by the Issuer, without adjustment for interest, shall be applied toward the purchase price of the 2020 Bonds at that time and the full amount of any interest earnings thereon shall be retained by the Issuer; and (b) if the successful bidder fails to take up and pay for the 2020 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Issuer as liquidated damages.

Sale Reservations

The Issuer reserves the right: (i) to waive any irregularity or informality in any bid or in the bidding process; (ii) to reject any and all bids for the 2020 Bonds; and (iii) to resell the 2020 Bonds as provided by law.

Manner and Time of Delivery

The successful bidder(s) will be given at least seven business days advance notice of the proposed date of the delivery of the 2020 Bonds when that date has been tentatively determined. It is now estimated that the 2020 Bonds will be delivered in book–entry form on or about Wednesday, June 24, 2020. Delivery of the 2020 Bonds will be made in Salt Lake City, Utah. The successful bidder(s) must also agree to pay for the 2020 Bonds in federal funds which will be immediately available to the Issuer on the day of delivery.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the 2020 Bonds, at the expense of the Issuer, but neither the failure to print such numbers on any Bond nor any error with respect thereof shall constitute cause for a failure or refusal by the successful bidder(s) thereof to accept delivery of and pay for the 2020 Bonds in accordance with terms of this Official Notice of Bond Sale.

Tax Exempt Status

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, the interest on the 2020 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 above opinions are subject to the condition that the Issuer 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 2020 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020 Bonds. Bond Counsel is also of the opinion that interest on the 2020 Bonds is exempt from State of Utah individual income taxes.

The 2020 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Establishment of Issue Price

The successful bidder shall assist the Issuer in establishing the issue price of the 2020 Bonds and shall execute and deliver to the Issuer on the date of issuance of the 2020 Bonds an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2020 Bonds, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the Issuer and Bond Counsel. All actions to be taken by the Issuer under this Official Notice of Bond Sale to establish the issue price of the 2020 Bonds may be taken on behalf of the Issuer by the Municipal Advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Municipal Advisor.

The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2020 Bonds) will apply to the initial sale of the 2020 Bonds (the “competitive sale requirements”) because:

- (i) the Issuer shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Issuer may receive bids from at least three underwriters of municipal obligations who have established industry reputations for underwriting new issuances of municipal obligations; and
- (iv) the Issuer anticipates awarding the sale of the 2020 Bonds to the bidder who submits a firm offer to purchase the 2020 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the 2020 Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Issuer shall so advise the successful bidder. The Issuer shall then treat the first price at which 10% of a maturity of the 2020 Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the Issuer if any maturity of the 2020 Bonds satisfies the 10% Test as of the date and time of the award of the 2020 Bonds. The Issuer will **not** require bidders to comply with the “Hold-The-Offering-Price Rule” and therefore in such case does not intend to use the initial offering price to the public as of the sale date of any maturity of the 2020 Bonds as the issue price of that maturity. Bids will **not** be subject to cancellation in the event that the competitive sale requirements are not satisfied. ***Bidders should prepare their bids on the assumption that the 2020 Bonds will be subject to the 10% Test in order to establish the issue price of the 2020 Bonds.***

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the 2020 Bonds, the successful bidder agrees to promptly report to the Issuer the prices at which the unsold 2020 Bonds of that maturity have been sold to the public. If as of the award of the 2020 Bonds the 10% Test has not been satisfied as to any maturity of the 2020 Bonds, the successful bidder

agrees to promptly report to the Issuer the prices at which it subsequently sells 2020 Bonds of that maturity to the public until the 10% Test is satisfied. If 2020 Bonds constituting the first 10% of a certain maturity are sold at different prices, the successful bidder shall report to the Issuer the prices at which 2020 Bonds of such maturity are sold until either (i) all 2020 Bonds of that maturity have been sold or (ii) the successful bidder sells 10% of the 2020 Bonds of such maturity at a single price. The successful bidder's reporting obligation shall continue as set forth above, whether or not the date of issuance of the 2020 Bonds has occurred provided that, the successful bidder's reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the Issuer or Bond Counsel.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable;

(A) to report the prices at which it sells to the public the unsold 2020 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all 2020 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder that the 10% Test has been satisfied as to the 2020 Bonds of that maturity; provided that, the reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the successful bidder,

(B) to promptly notify the successful bidder of any sales of 2020 Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the 2020 Bonds to the public (each such term being used as defined below),

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public; and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the 2020 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2020 Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold 2020 Bonds of each maturity allocated to it, whether or not the date of issuance has occurred, until either all 2020 Bonds of that maturity allocated to it have been sold or it is notified by the successful bidder or such underwriter that the 10% Test has been satisfied as to the 2020 Bonds of that maturity; provided that the reporting obligation after the date of issuance may be at reasonable periodic intervals or otherwise upon request of the successful bidder or such underwriter.

Sales of any 2020 Bonds to any person that is a related party to an underwriter participating in the initial sale of the 2020 Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2020 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2020 Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2020 Bonds to the public),

(iii) a purchaser of any of the 2020 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date that the 2020 Bonds are awarded by the Issuer to the successful bidder.

Legal Opinion and Closing Documents

The approving opinion of Gilmore & Bell, P.C., covering the legality of the 2020 Bonds will be furnished to the successful bidder(s) without charge. There will also be furnished the usual closing certificates dated as of the date of delivery of and payment for the 2020 Bonds, including a certificate from the attorney for the Issuer that there is no litigation pending or, to the knowledge of the signer thereof, threatened, affecting the validity of the 2020 Bonds.

Disclosure Certificate

The Issuer will deliver to the successful bidder(s) a certificate of officer(s) of the Issuer, dated the date of the delivery of the 2020 Bonds, stating that as of the date thereof, to the best of the knowledge and belief of said officer(s): (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2020 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the final Official Statement are at the time of delivery of the 2020 Bonds true and correct in all material respects and do not at the time of the delivery of the 2020 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

The Issuer has retained Gilmore & Bell, P.C. to act as disclosure counsel to the Issuer with respect to the 2020 Bonds and as such disclosure counsel, such firm will assist the Issuer in the review of the contents of the Preliminary Official Statement and final Official Statement. Gilmore & Bell, P.C. will deliver a letter to the successful bidder for the 2020 Bonds with respect to the final Official Statement which will state, in effect, that, while the firm has not verified and is not passing upon, and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the final Official Statement, based upon participation in conferences and in reliance thereon with various representatives of the Issuer and the District, counsel to the Issuer and the District, and representatives of the Municipal Advisor for the Issuer at which the contents of the final Official Statement were discussed and reviewed, without independent verification, no facts came to the attention of the attorneys of such firm rendering legal services in connection with such retention which lead such attorneys to believe that the final Official Statement as of its date contained, or as of the date of the delivery of the 2020 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. However, such firm will not be called upon to and will not express an opinion or belief as to information relating to the book-entry system or the expressions of opinion, the assumptions, the projections, financial statements (including notes and

schedules thereto) or other financial, numerical, demographic or statistical data contained in the final Official Statement.

Official Statement

Copies of the Issuer’s Preliminary Official Statement may be obtained as specified below prior to the time bids are taken. The Preliminary Official Statement is in a form “deemed final” by the Issuer for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, but is subject to revision, amendment and completion in a final Official Statement.

The Issuer shall deliver to the successful bidder(s) no later than the seventh business day after the award of the 2020 Bonds as described under the caption “Award” above, the final Official Statement in electronic format, to comply with paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and the rules of the Municipal Securities Rulemaking Board.

Continuing Disclosure Undertaking

Pursuant to Securities and Exchange Commission Rule 15c2-12, the Issuer will undertake in a Continuing Disclosure Undertaking to provide certain ongoing disclosure, including annual operating data and financial information (including audited financial statements) and notices of the occurrence of certain material events. A description of the undertaking is set forth in the Preliminary Official Statement.

Additional Information

For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact Cara Bertot (cara.bertot@zionsbancorp.com) or Brian Baker (brian.baker@zionsbancorp.com), Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133–1109; 801.844.7373; fax: 801.844.4484; the Municipal Advisor to the Issuer. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at www.i-dealprospectus.com, www.munios.com, and www.munihub.com.

DATED this June 4, 2020.

**LOCAL BUILDING AUTHORITY OF SALT LAKE
CITY MOSQUITO ABATEMENT DISTRICT,
UTAH**

**SALT LAKE CITY MOSQUITO ABATEMENT
DISTRICT, UTAH**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF PURCHASER] (herein, the “Original Purchaser”), as the Original Purchaser of the \$ _____ Lease Revenue Refunding Bonds, Series 2020 (the “2020 Bonds”), being issued on the date of this certificate by the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah, (the “Issuer”), certifies and represents as follows:

1. Public Offering. The Original Purchaser offered all of the 2020 Bonds to the Public (as defined below) in a bona fide initial offering.

2. Reasonably Expected Initial Offering Price. As of the sale date of the 2020 Bonds (June 11, 2020) (the “Sale Date”), the reasonably expected initial offering prices of the 2020 Bonds to the Public by the Original Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the 2020 Bonds used by the Original Purchaser in formulating its bid to purchase the 2020 Bonds.

[2. *[To be used if there are not at least 3 bids received]* [As of the date of this certificate, the first price at which at least 10% of [the indicated maturities] of the 2020 Bonds was sold to the Public are the prices listed in Schedule A.] or

[As of the date of this certificate, the Original Purchaser has not sold at least 10% of [each maturity] [certain maturities] of the 2020 Bonds at any price (the “Undersold Maturities”). For each Undersold Maturity listed on Schedule A the Original Purchaser will provide the price or prices at which the first 10% of each such Undersold Maturity was sold to the Public promptly following the date that the first 10% of each such Undersold Maturity is sold to the Public.]]

3. Defined Terms.

(a) *Maturity* means 2020 Bonds with the same credit and payment terms. 2020 Bonds with different maturity dates, or 2020 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” as defined in U.S. Treasury Regulation Section 1.1501(b) which generally provides that the term related party means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2020 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2020 Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2020 Bonds to the Public).

On the Sale Date the Original Purchaser purchased the 2020 Bonds from the Issuer by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Bond Sale” and having its bid accepted by the Issuer. The Issuer has not modified the terms of the purchase since the Sale Date.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the tax certificate and with respect to compliance with the federal income tax rules affecting the 2020 Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the 2020 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the 2020 Bonds.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his or her official signature this _____ day of _____, 2020.

[PURCHASER], as Original Purchaser

By: _____

Title: _____

Dated: [ISSUE DATE]

To Be Attached:
SCHEDULE A—EXPECTED OFFERING PRICES

PRELIMINARY OFFICIAL STATEMENT

Local Building Authority of Salt Lake City Mosquito Abatement District, Utah

\$7,580,000* Lease Revenue Refunding Bonds, Series 2020,

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

Salt Lake City Mosquito Abatement District, Utah



On Thursday, June 11, 2020 (up to 9:30:00 A.M., M.D.T.), electronic bids will be received by means of the **PARITY**[®] electronic bid submission system. See the “OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding.”

The 2020 Bonds, as defined herein, will be awarded to the successful bidder(s) and issued pursuant to resolutions of the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah (the “Authority”), previously adopted on April 23, 2020 and on May 21, 2020.

The Authority and the Salt Lake City Mosquito Abatement District, Utah (the “District”) have deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2020 Bonds as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2020 Bonds, contact the Municipal Advisor:



ZIONS PUBLIC FINANCE, INC.

One S Main St 18th Fl
Salt Lake City UT 84133-1109
801.844.7373 | f 801.844.4484
brian.baker@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated June 4, 2020, and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2020

NEW ISSUE

Ratings: Moody's "Aa3"

See "MISCELLANEOUS—Bond Ratings" 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 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

The 2020 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Opinion Of Bond Counsel" herein.

Local Building Authority of Salt Lake City Mosquito Abatement District, Utah



\$7,580,000* Lease Revenue Refunding Bonds, Series 2020

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

Salt Lake City Mosquito Abatement District, Utah

The \$7,580,000* Lease Revenue Refunding Bonds, Series 2020, are issued by the Authority as fully-registered bonds and, when initially issued, will be in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, which will act as securities depository for the 2020 Bonds.

Principal of and interest on the 2020 Bonds (interest payable February 15 and August 15 of each year, commencing August 15, 2020) are payable by U.S. Bank, National Association, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2020 BONDS—Book-Entry System" herein.

The 2020 Bonds are subject to optional redemption, may be subject to mandatory sinking fund redemption at the option of the successful bidder(s), and are subject to extraordinary redemption (in the event of damage to, or destruction, seizure or condemnation of the 2017 Project), prior to maturity. See "THE 2017 PROJECT—The 2017 Project Financed With Bonds" and "THE 2020 BONDS—Redemption Provisions For The 2020 Bonds" herein.

The 2020 Bonds are being issued to refund certain lease revenue bonds previously issued by the Authority and to pay the costs associated with the issuance of the 2020 Bonds. The 2020 Bonds and the Prior Parity Bonds previously issued by the Authority are part of an ongoing master lease and building program whereby all Bonds issued thereunder are equally and ratably secured under the Indenture. See "THE 2020 BONDS—Plan Of Refunding;" "THE 2020 BONDS—Sources And Uses Of Funds" and "THE 2017 PROJECT" herein.

Under the Master Lease, the District has agreed to pay Base Rentals which are sufficient to pay principal of and interest on the 2020 Bonds and the Prior Parity Bonds coming due in each year, but only if and to the extent that the Board of Trustees of the Authority annually appropriates funds sufficient to pay such Base Rentals plus such Additional Rentals as are necessary to operate and maintain the 2017 Project. The Master Lease specifically provides that nothing therein shall be construed to require the Authority to appropriate moneys to pay the Base Rentals or Additional Rentals—and the Authority shall not be obligated to pay such Rentals except to the extent appropriated. Neither the obligation of the District to pay such Rentals nor the obligation of the Authority to pay the principal of and interest on the 2020 Bonds will constitute or give rise to a debt, general obligation or liability of, or a charge against the general credit or taxing power of the District. The issuance of the 2020 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 Authority has no taxing power.

The purchase of the 2020 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Certain of such risks are described under "INVESTMENT CONSIDERATIONS" herein.

Dated: Date of Delivery¹

Due: February 15, as shown on inside cover

See the inside front cover for the maturity schedule of the 2020 Bonds

The 2020 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on Thursday, June 11, 2020, as set forth in the OFFICIAL NOTICE OF BOND SALE the date of this PRELIMINARY OFFICIAL STATEMENT.

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

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

This OFFICIAL STATEMENT is dated June __, 2020, and the information contained herein speaks only as of that date

* Preliminary; subject to change.

¹ The anticipated date of delivery is Wednesday, June 24, 2020.

Local Building Authority of Salt Lake City Mosquito Abatement District, Utah

\$7,580,000*

Lease Revenue Refunding Bonds, Series 2020

Dated: Date of Delivery¹

Due: February 15, as shown below

<u>Due February 15*</u>	<u>CUSIP® 79559P</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield/ Price</u>
2021.....		\$300,000		
2022.....		310,000		
2023.....		325,000		
2024.....		340,000		
2025.....		350,000		
2026.....		365,000		
2027.....		380,000		
2028.....		395,000		
2029.....		415,000		
2030.....		430,000		
2031.....		445,000		
2032.....		460,000		
2033.....		475,000		
2034.....		485,000		
2035.....		500,000		
2036.....		520,000		
2037.....		535,000		
2038.....		550,000		

\$ _____ % Term Bond due February 15, 20__ —Price of _____ %
(CUSIP® _____)

* Preliminary; subject to change.

¹ The anticipated date of delivery is Wednesday, June 24, 2020.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2020 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah (the “Authority”); the Salt Lake City Mosquito Abatement District, Utah; U.S. Bank, National Association, Corporate Trust Services, Salt Lake City, Utah, (as Trustee, Bond Register and Paying Agent); Zions Public Finance Inc., Salt Lake City, Utah (as Municipal Advisor); the successful bidder(s); or any other entity. All information contained herein has been obtained from the Authority, The Depository Trust Company, New York, New York, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2020 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Authority, since the date hereof.

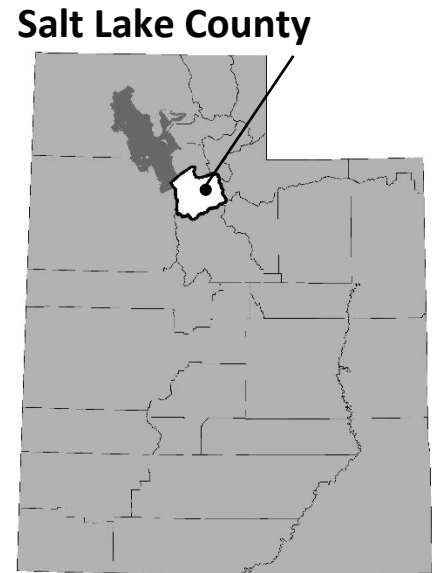
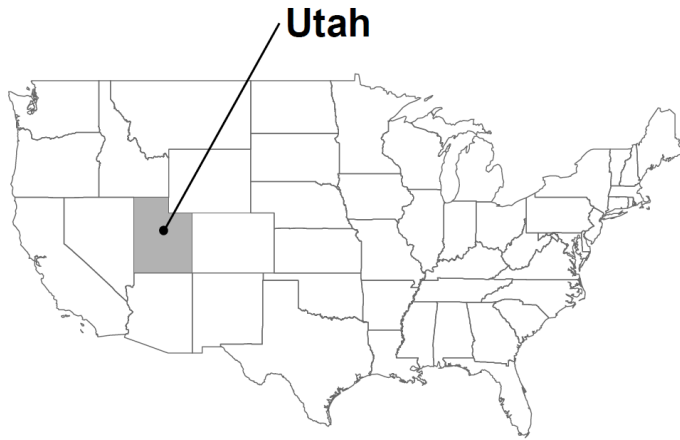
The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2020 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2020 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2020 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2020 Bonds to dealers and others. In connection with the offering of the 2020 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2020 Bonds. Such transactions may include overallotments in connection with the purchase of 2020 Bonds, the purchase of 2020 Bonds to stabilize their market price and the purchase of 2020 Bonds to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.

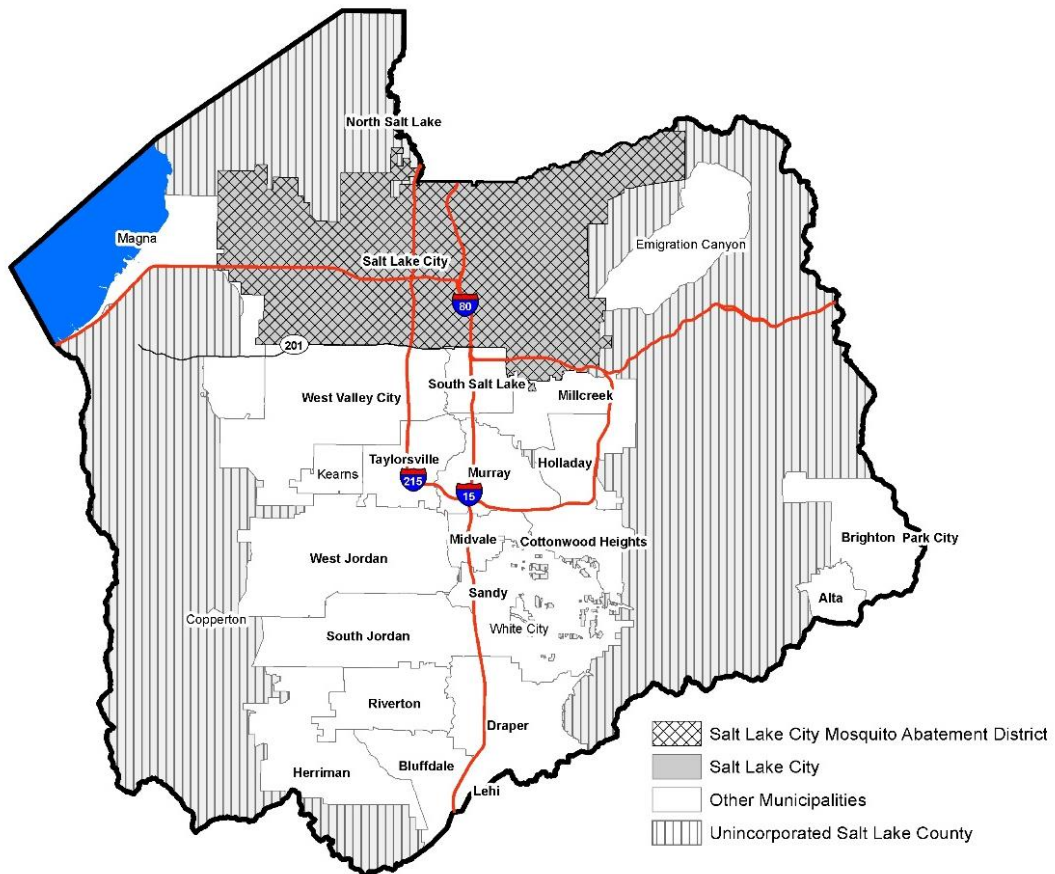
Forward-Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of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

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to being changed after the issuance of the 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2020 Bonds.

The content from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2020 Bonds and is not a part of this OFFICIAL STATEMENT.



Salt Lake City Mosquito Abatement District



OFFICIAL STATEMENT RELATED TO THE
Local Building Authority of
Salt Lake City Mosquito Abatement District, Utah

\$7,580,000* Lease Revenue Refunding Bonds, Series 2020
payable from lease payments to be made, subject to annual appropriation by
Salt Lake City Mosquito Abatement District, Utah
pursuant to a Master Lease

INTRODUCTION

This introduction is only a brief description of the 2020 Bonds, as hereinafter defined, and the security and source of payment for the 2020 Bonds. The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT, as well as of the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS;” “APPENDIX B—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH FOR FISCAL YEAR 2019;” “APPENDIX C—FORM OF OPINION OF BOND COUNSEL;” “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING;” and “APPENDIX E—BOOK—ENTRY SYSTEM.”

This OFFICIAL STATEMENT also includes summaries of the terms of the 2020 Bonds, the Indenture, the Master Lease and the Deed of Trust (all as more fully defined hereinafter). All references herein to the Indenture and the Master Lease, are qualified in their entirety by reference to such documents and references herein to the 2020 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Indenture, copies of which are available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” below. Descriptions of the Indenture, the Master Lease, the Deed of Trust, and the 2020 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. When used herein the terms “Calendar Year[s] 20YY”; “Calendar Year[s] End[ed][ing] December 31, 20YY”; or “Tax Year 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated. Unless otherwise indicated, capitalized terms used in this OFFICIAL STATEMENT shall have the meaning established in the Master Lease and Indenture (as hereinafter defined). See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—DEFINITIONS.”

* Preliminary; subject to change.

Impact Of Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus known as “COVID-19” began spreading throughout the world and has been characterized by the World Health Organization as a pandemic disease.

COVID-19 is currently affecting the Salt Lake City Mosquito Abatement District, Utah (the “District”); Salt Lake County, Utah (the “County”); the State of Utah (the “State”); national and global economic activity (increasing public and private health emergency response costs and reducing sources of County and State revenues) and consequently may impact the financial condition of the District. Because this OFFICIAL STATEMENT relies on future budgets and historical data for financial information about the District (and the services that the District provides), such information may not necessarily predict future trends accurately.

For a discussion of the District’s current response to manage the economic recovery and all current District revenues, expenditures and budgets, see “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Potential Impact Of The Coronavirus (COVID-19)” herein.

Significant developments regarding COVID-19 continue to occur daily and the extent to which COVID-19 will impact the District in the future is highly uncertain and cannot be predicted. *However, the District does not expect the various aspects of COVID-19 to negatively impact the District’s ability to pay the principal of and interest on its Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS” herein.*

Public Sale/Electronic Bid

The 2020 Bonds will be awarded pursuant to competitive bidding received by means of the **PARITY**[®] electronic bid submission system on Thursday, June 11, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of this PRELIMINARY OFFICIAL STATEMENT).

See the “OFFICIAL NOTICE OF BOND SALE” above.

The 2020 Bonds; The Local Building Authority Of Salt Lake City Mosquito Abatement District, Utah

The 2020 Bonds. This OFFICIAL STATEMENT, including the cover page, introduction and Appendices (the “OFFICIAL STATEMENT”), provides information in connection with the issuance and sale of \$7,580,000* aggregate principal amount of Lease Revenue Refunding Bonds, Series 2020 (the “2020 Bonds” or “2020 Bond”), by the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah (the “Authority”).

The Local Building Authority Of Salt Lake City Mosquito Abatement District, Utah. The Authority is a nonprofit corporation incorporated, organized and existing pursuant to the Utah Revised Nonprofit Corporation Act, Title 16, Chapter 6a (the “Nonprofit Corporation Act”), Utah Code Annotated 1953, as amended (the “Utah Code”). The 2020 Bonds are being issued pursuant to the Local Building Authority Act, Title 17D, Chapter 2, Utah Code (the “Building Authority Act”) and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code (together, the “Acts”). The Authority was created pursuant to a resolution adopted on August 18, 2016 by the Board of Trustees of the District (the “Board of Trustees of the District”) for the purpose of acquiring, improving or extending one or more projects on behalf of the District pursuant to the Building Authority Act. See “LOCAL BUILDING AUTHORITY OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH” below.

Salt Lake City Mosquito Abatement District, Utah

The District was created in 1924 to provide for mosquito abatement within the boundaries of Salt Lake City, Utah (the “City”). See the location map of the City and the District above. Also see, “SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH” below.

Authorization For And Purpose Of The 2020 Bonds; The Indenture; Prior Parity Bonds; Master Lease

Authorization for and Purpose of the 2020 Bonds; The Indenture. The 2020 Bonds are being issued pursuant to (i) the Acts; (ii) certain authorizing resolutions adopted by the Authority and the District (the “Resolutions”); and

* Preliminary; subject to change.

(iii) a General Indenture of Trust, dated as of March 1, 2017, as previously supplemented and amended (the “General Indenture of Trust”), and as further supplemented by a Third Supplemental Indenture of Trust, dated as of June 1, 2020 (the “Third Supplemental Indenture” and together with the General Indenture of Trust, the “Indenture”), each between the Authority and U.S. Bank, National Association, Corporate Trust Services, Salt Lake City, Utah, as trustee (the “Trustee”).

The 2020 Bonds are being issued to refund the 2018 Bonds (as defined herein), previously issued by the Authority, and to pay the costs associated with the issuance of the 2020 Bonds. See “THE 2020 BONDS—Plan Of Refunding;” “THE 2020 BONDS—Sources And Uses Of Funds” and “THE 2017 PROJECT—The 2017 Project Financed With Bonds” below.

Prior Parity Bonds. The Authority has previously issued the following Bonds under the Indenture:

(i) \$8,500,000, Lease Revenue Bonds, Series 2017, dated March 8, 2017, currently outstanding in the aggregate principal amount of \$8,500,000 (the “2017 Bonds”) and;

(ii) \$8,500,000, Lease Revenue Bonds, Series 2018, dated March 29, 2018, currently outstanding in the aggregate principal amount of \$8,147,000 (the “2018 Bonds” and collectively with the 2017 Bonds, the “Prior Parity Bonds”) (*it is anticipated that the proceeds of 2020 Bonds will be used to redeem and retire the 2018 Bonds in their entirety on June 24, 2020, * as described herein*).

The 2020 Bonds will be issued on a parity basis and will be equally and ratably secured under the Indenture with the Prior Parity Bonds. Bond proceeds from the Prior Parity Bonds were used for the acquisition, construction, and equipping of various building projects and related improvements (collectively, the “2017 Project”). See “THE 2017 PROJECT—The 2017 Project Financed With Bonds” below.

Master Lease. The Authority has leased and intends to lease the 2017 Project to the District, pursuant to a Master Lease Agreement dated as of March 1, 2017, as previously amended and supplemented, and as further supplemented by a Second Amendment to Master Lease Agreement, dated as of June 1, 2020 (the “Second Amendment,” and collectively with the amended and supplemented Master Lease Agreement, the “Master Lease”).

Additional Parity Bonds And Additional Projects

The Authority may issue additional bonds to refund outstanding bonds of the Authority (“Refunding Bonds”) or to finance additional Projects for lease to the District (“Additional Bonds”) ranking on a parity basis with the 2020 Bonds and the Prior Parity Bonds under the Indenture on the terms and conditions specified in the Indenture and the Master Lease. Any such Refunding Bonds and Additional Bonds hereafter issued are sometimes collectively referred to herein as the “Additional Parity Bonds.” *The 2020 Bonds, the Prior Parity Bonds and any Additional Parity Bonds issued under the Indenture are sometimes collectively referred to herein as the “Bonds.”* See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—Additional Parity Bonds And Refunding Bonds” below and “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE INDENTURE—Additional Bonds.”

If the Authority determines to issue Additional Bonds to finance additional projects (the “Additional Projects”), they will be leased to the District pursuant to the Indenture and Master Lease. *The Authority does not currently anticipate issuing Additional Parity Bonds for Additional Projects.* However, the Authority may determine to issue additional lease revenue bonds under documents other than the Indenture and the Master Lease.

Security For The Bonds

The 2020 Bonds are limited obligations of the Authority, payable on a parity with the Prior Parity Bonds, solely from the revenues and other amounts received pursuant to the Master Lease and other funds or amounts held by the Trustee pursuant to the Indenture as security for the 2020 Bonds, subject to certain limitations.

The District has agreed to make payments pursuant to the Master Lease in stated amounts which are sufficient to pay the principal of and interest on the 2020 Bonds when due in each year (the “Base Rentals”), but only if and to

* Preliminary; subject to change.

the extent that the Board of Trustees of the District annually appropriates sufficient funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) under the Master Lease plus such additional amounts (the “Additional Rentals” and collectively, with the Base Rentals, the “Rentals”) as are necessary to operate and maintain the 2017 Project during such period. The Master Lease specifically provides that the Board of Trustees of the District shall not be required to appropriate any moneys to pay any Rentals thereunder and that neither the District nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. *Neither the obligation of the District to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2020 Bonds will constitute a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the District. The issuance of the 2020 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 Authority has no taxing power.* See “INVESTMENT CONSIDERATIONS” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS” below.

In addition, the Authority has assigned all of its rights and interest in the 2017 Project pursuant to a Deed of Trust, Assignment of Rents and Security Agreement, dated as of March 1, 2017 (the “Deed of Trust”) for the equal and proportionate benefit of the owners of Bonds (the “Bondowners”), subject to the release of the 2017 Project upon the terms and conditions described under “THE 2017 PROJECT—Release Of The 2017 Project Upon Payment Of Bonds” below.

Under the Master Lease, the District has covenanted and agreed to include in its annual tentative budget an appropriation for Rentals for the next succeeding Renewal Term for the 2017 Project. Alternatively, the District is entitled not to appropriate Rentals for the next succeeding Renewal Term for the 2017 Project. However, if there are multiple Projects, the District is not entitled to appropriate with respect to one or more, but not all, of the Projects. In other words, the District’s decision under the Master Lease whether to appropriate Rentals for each succeeding Renewal Term is “all or nothing” for all Projects.

No Debt Service Reserve Fund For The 2020 Bonds

The Debt Service Reserve Requirement with respect to the 2020 Bonds is \$0 and therefore no account in the Debt Service Reserve Fund has been established for the 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—No Debt Service Reserve Requirement For The 2020 Bonds” below.

Redemption For The 2020 Bonds

The 2020 Bonds are subject to optional redemption and are subject to extraordinary redemption in the event of damage to, or destruction, seizure or condemnation of the 2017 Project, prior to maturity. The 2020 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See “THE 2017 PROJECT” and “THE 2020 BONDS—Redemption Provisions For The 2020 Bonds” below.

Tax-Exempt Status Of The 2020 Bonds; Deductibility Of Interest

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 “Code”), the interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See “TAX MATTERS” below. 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 2020 Bonds.

The 2020 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS—Opinion Of Bond Counsel” herein.

Professional Services

In connection with the issuance of the 2020 Bonds, the following have served the Authority in the capacity indicated:

Trustee, Bond Registrar, and Paying Agent

U.S. Bank National Association
Corporate Trust Services
170 S Main St Ste 200
Salt Lake City UT 84101
801.534.6083 | f 801.534.6013
kim.galbraith@usbank.com

Authority's and District's Attorney

Fabian VanCott
215 S State St Ste 1200
Salt Lake City UT 84111-2323
801.531.8900 | f 801.596.2814
mhanderson@fabianvancott.com

Bond Counsel and Disclosure Counsel

Gilmore & Bell, P.C.
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
rlarsen@gilmorebell.com

Municipal Advisor

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

Conditions Of Delivery, Anticipated Date, Manner And Place Of Delivery For The 2020 Bonds

The 2020 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority, and certain other conditions. Certain matters regarding this OFFICIAL STATEMENT will be passed on for the Authority by Gilmore & Bell, P.C., Disclosure Counsel. Certain legal matters will be passed on for the Authority and the District by Fabian VanCott, Salt Lake City, Utah. It is expected that the 2020 Bonds, in book-entry form, will be available for delivery to DTC or its agent on or about Wednesday, June 24, 2020.

Risks Inherent In The Ownership Of The 2020 Bonds

The purchase of the 2020 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2020 Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain investment risks are described under "INVESTMENT CONSIDERATIONS" below.

Continuing Disclosure Undertaking

The Authority will enter into a continuing disclosure undertaking for the benefit of the Owners of the 2020 Bonds. For a detailed discussion of this disclosure undertaking and timing of submissions see "CONTINUING DISCLOSURE UNDERTAKING" below and "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the District, the 2020 Bonds, the Indenture and the Master Lease are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Master Lease and the Deed of Trust are qualified in their entirety by reference to such documents and references herein to the 2020 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. The "basic documentation" which includes the Resolutions, the closing documents for the 2020 Bonds, the Indenture, the Master Lease and other documentation, authorizing the issuance of the 2020 Bonds and establishing the rights and responsibilities of the Authority, the District and other parties to the transaction, may be obtained from the "contact persons" as indicated below.

Contact Persons

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

Brian Baker, Vice President, brian.baker@zionsbancorp.com
Cara Bertot, Vice President, cara.bertot@zionsbancorp.com

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

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the Authority and the District concerning the 2020 Bonds are:

Ary Faraji, District Manager, ary@slcmad.org
Aleta Fairbanks, Chief Financial Officer, aleta@slcmad.org

Salt Lake City Mosquito Abatement District
2215 N 2200 W
Salt Lake City UT 84116
801.355.9221 | f 801.355.9227

CONTINUING DISCLOSURE UNDERTAKING

The District (as an “obligated person” under the below defined Rule) will execute a Continuing Disclosure Undertaking (the “Disclosure Undertaking”) for the benefit of the Beneficial Owners of the 2020 Bonds to send certain information annually and to provide certain material events to the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Under the Continuing Disclosure Undertaking the District will file its annual financial statement for Fiscal Year Ending December 31 (the “Financial Statement”) and other operating and financial information on or before July 31 (not more than seven months from the end of the Fiscal Year). The District will submit the financial statements for Fiscal Year 2020 on or before July 31, 2021, and annually thereafter on or before each July 31.

A failure by the District to comply with the Continuing Disclosure Undertaking will not constitute a default under the Master Lease or Indenture and the Beneficial Owners of the 2020 Bonds are limited to the remedies described in the Continuing Disclosure Undertaking. 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 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2020 Bonds and their market price.

During the five years prior to the date of this OFFICIAL STATEMENT, the District and Authority have not failed to comply in all material respects with prior undertakings pursuant to the Rule.

INVESTMENT CONSIDERATIONS

This section contains a general overview of certain risk factors which should be considered, in addition to the other matters set forth in this OFFICIAL STATEMENT, in evaluating an investment in the 2020 Bonds. This section is not meant to be a comprehensive or definitive discussion of the risks associated with an investment in the

2020 Bonds, and the order in which this information is presented does not necessarily reflect the relative importance of various risks. Potential investors in the 2020 Bonds are advised to consider the following factors, among others, and to review this entire OFFICIAL STATEMENT to obtain information essential to making of an informed investment decision. Any one or more of the investment considerations discussed below, among others, could adversely affect the financial condition of the District or its ability to make scheduled payments on the 2020 Bonds. There can be no assurance that other risks not discussed herein will not become material in the future.

Limited Obligations

The 2020 Bonds are payable from amounts due under the Master Lease on a parity basis with all other Bonds that may be outstanding under the Indenture. The District's obligation under the Master Lease does not constitute a general obligation or other indebtedness of the District or the Authority within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Initial Term of the Master Lease expired on December 31, 2017, and the current term expires on December 31, 2020. The District has the option to extend the term of the Master Lease for consecutive one-year Renewal Terms (as defined below), which it has done since December 31, 2017 through December 31, 2020.

The District expects to extend the term of the Master Lease for January 1, 2021 through December 31, 2021 at the time of the District's budget adoptions in June 2020 and December 2020.

Unless terminated sooner, this annual renewal option will continue through December 31, 2039, with a final renewal term commencing January 1, 2040, and ending February 15, 2040 (each renewal term, and all existing renewals are referred to herein as the "Renewal Terms"). Any such extension must be made with respect to all, and not less than all, of the 2017 Project with respect to which Bonds are then outstanding.

Non-Appropriation

There is no assurance that the District, in its sole discretion, will exercise its option to extend the term of the Master Lease for any future Renewal Term. Accordingly, the likelihood that the District will extend the term of the Master Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 2020 Bonds as the same become due depends upon a number of factors, including, but not limited to:

- (a) the completion of design and construction of any future uncompleted Projects to the District's satisfaction;
- (b) 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 Master Lease and other obligations of the District (whether now existing or hereafter created);
- (c) the willingness of the Board of Trustees of the District in any future year to appropriate moneys to pay the Rentals, which decision of the Board of Trustees of the District could be affected by many factors, including the continuing need of the Authority for the 2017 Project; and
- (d) the value of the 2017 Project if relet or sold (to the extent authorized in the Indenture) in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination of the term of the Master Lease if the Board of Trustees of the District does not appropriate sufficient funds to extend the term of the Master Lease as provided therein.

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

General Economic Conditions

The District relies on ad valorem property taxes and other fees as the primary source of funds to operate its governance and to pay its obligations. Regional and national economic conditions, such as weather-related economic effects, business cycles, unemployment, and consumer confidence, are outside of the control of the Authority and

the District and can have material adverse effects on the District's revenues, and its ability to pay Base Rentals on the 2017 Project. See "FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Potential Impact Of The Coronavirus (COVID-19)" below.

No Debt Service Reserve Fund For The 2020 Bonds

No debt service reserve fund will be funded to secure the 2020 Bonds issued under the Indenture. See "SECURITY AND SOURCE OF PAYMENTS FOR THE 2020 BONDS—No Debt Service Reserve Fund For The 2020 Bonds; Prior Parity Bonds Debt Service Reserve Funds" below.

Expiration Or Termination Of The Master Lease

If the Board of Trustees of the District does not renew the term of the Master Lease in any year by appropriating sufficient funds to pay Rentals due thereunder for the succeeding Fiscal Year, the District's obligation to pay Rentals under the Master Lease will terminate on the December 31 occurring at the end of the then-current Renewal Term. Upon (a) the expiration of any Renewal Term of the Master Lease during which an Event of Nonappropriation occurs or (b) an Event of Default under the Master Lease and an election by the Trustee to terminate the possessory interest of the District under the Lease, the District's right of possession of the 2017 Project under the Master Lease will expire or be terminated, as appropriate.

A Bondowner should not anticipate that it will be possible to foreclose on the 2017 Project and liquidate, relet or sell the 2017 Project after the occurrence of an Event of Nonappropriation or an Event of Default for an amount equal to the aggregate principal amount of the Bonds then Outstanding plus accrued interest thereon.

The 2017 Project financed under the Indenture was completed in September 2019.

Possible Difficulties In Selling Or Re-letting The 2017 Project

In the event that the District's right of possession of the 2017 Project under the Master Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the District to pay Rentals under the Master Lease will continue through the then-current Renewal Term, but not thereafter, and the 2020 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the District of the Rentals which are due through the then-current Renewal Term. As set forth in the Building Authority Act, the Indenture and the Master Lease, if the District fails to pay any Rentals due to the Authority under the terms of the Master Lease, the District shall immediately surrender, and vacate the 2017 Project, and the rental or lease obligation under the Master Lease shall then cease. Should the Master Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term, or if an event occurs pursuant to which the Trustee terminates the District's right of possession of the 2017 Project under the Master Lease, the Trustee may repossess, complete construction (if applicable), and relet or sell the 2017 Project as provided in the Indenture.

No assurance can be given that the Trustee could relet or sell the 2017 Project for the amount necessary to pay the principal of and the interest due on the 2020 Bonds. The 2017 Project constitutes facilities to be used in connection with the operation of the District and may not be readily usable by other types of tenants. See "THE 2017 PROJECT" below. The net proceeds of any reletting or sale of the 2017 Project, together with certain other moneys then held by the Trustee under the Indenture, if any, are required to be used to pay the 2020 Bonds to the extent of such moneys. No assurance can be given as to the amount of funds available from any such source for the payment of the aggregate principal amount of the 2020 Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the 2017 Project will be available to provide for the payment of the 2020 Bonds on a timely basis.

Delays In Exercising Remedies; Limitations On Enforceability

The enforceability of the Master Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Because of the unique uses to which the 2017 Project may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the

part of the Trustee to obtain possession of or to foreclose the lien on the 2017 Project, if necessary, will likely result in delays in any payment of principal of or interest on the 2020 Bonds.

Destruction Of A Project

The Master Lease requires a Project to be insured by policies of insurance (including casualty and property damage insurance) as described in “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Provisions Respecting Insurance.” In the event of damage to or destruction of all or any part of the 2017 Project, the Authority is nevertheless required to continue to make payments under the Master Lease during the period for which the Board of Trustees of the District has appropriated moneys to do so. In such event, the District will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild the 2017 Project or whether to apply the available proceeds to redemption or payment of the 2020 Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace the 2017 Project, the District may terminate its obligations under the Master Lease with respect to the 2017 Project and cause such proceeds to be distributed for the redemption of the 2020 Bonds in whole or in part as provided in the Indenture. See “THE 2020 BONDS—Redemption Provisions For The 2020 Bonds—Extraordinary Redemption in the Event of Damage, Destruction or Condemnation Of The 2017 Project” below.

There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the 2020 Bonds in whole or that the Trustee will be able to realize any additional funds from the 2017 Project at that time. See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Damage, Destruction And Condemnation.”

Release Of A Project Upon Payment Of Related Series Of Bonds

Pursuant to the Master Lease, the District may, by depositing with the Trustee amounts sufficient to pay or provide for the payment of the Series of Bonds issued to finance or refinance such portion of a Project, purchase the related Project, which may result in the release of the purchased Project as security for the Bonds which remain outstanding. The release of one or more Projects may diminish the amount which could be realized by the Trustee upon the occurrence of an Event of Default or an Event of Nonappropriation or the likelihood that the District will renew the Master Lease for any Renewal Term.

Depreciation And Lack Of Residual Value

Certain components of the 2017 Project may become obsolete, may depreciate in value or may wear out during the time that the 2020 Bonds are outstanding. In addition, components of the 2017 Project may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Master Lease or the termination of the Master Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority’s interest in the 2017 Project may not be sufficient to repay all 2020 Bonds in full.

Tax Status; Continuing Compliance With Certain Covenants

Failure by the Authority or the District with respect to any of the 2020 Bonds to comply with certain covenants in the Indenture, the Master Lease and the 2020 Bonds, on a continuing basis, so long as any of the 2020 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2020 Bonds becoming includible in gross income for federal income tax purposes, retroactive to the date of their original issuance. See “TAX MATTERS” below. The Indenture and the 2020 Bonds do not provide for the payment of any additional interest or penalty in the event that interest on the 2020 Bonds becomes includible in gross income for federal income tax purposes.

Changes In District Governance

The obligation of the District to pay rentals under the Master Lease is subject to annual appropriation by the Board of Trustees of the District, based upon a budget annually presented to the Board of Trustees of the District by the District Chief Financial Officer. The decision to renew or not to renew the term of the Master Lease is to be

made solely by the Board of Trustees of the District 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.

The five-member Board of Trustees of the District are appointed officials and serve four-year terms. Although the present Board of Trustees of the District favors the continued leasing of the 2017 Project, there can be no assurance that a future Board of Trustees of the District will support the 2017 Project or continue to make appropriations of Rentals under the Master Lease.

Other Factors Regarding The 2017 Project

Potential Environmental Risks. The continued and future ownership or operation of the 2017 Project creates a potential for environmental liability on the part of both the owner and operator of the 2017 Project as well as any party secured by mortgages, deeds of trust or other encumbrances. If future hazardous substances are discovered at the property or discovered to be emanating from the Property, the District and the Authority may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could be for an amount far in excess of the value of the 2017 Project. The existence of such hazardous substances could hinder the Trustee in exercising certain of its remedies or rights under the Master Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Authority obtained an environmental report from a qualified environmental engineer which concludes that there are no known conditions with respect to the 2017 Project which would create environmental liability on the owner thereof.

The Authority has agreed and represented in the Master Lease that it has carried on, and will carry on, the business and operations at the 2017 Project in a manner that complies in all respects, and will remain in compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment.

Climate Change Risk

There are potential risks to the District and its financial operation that are associated with changes to the climate over time and with increases in the frequency, timing, and severity of extreme weather events or droughts. The District cannot predict how or when various climate changes risks may occur, nor can it quantify the impact on the District or its operations.

Natural Disasters And Global Health Emergencies

Natural disasters (such as earthquakes, mudslides, heat waves, floods, windstorms, and droughts) and continued or future global health emergencies could affect the District's operations.

The District, like much of the State, is in a region of seismic activity subject to earthquakes in varying strengths. The State has identified major geologic faults running throughout the State and the most recent earthquake occurred in March 2020 in the Township of Magna, Utah (located near the District), measuring 5.7 on the Richter scale. Newer building codes throughout the State include seismic strengthening of buildings. See "SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Risk Management And Insurance; Cybersecurity; Recent Earthquake" below.

Certain areas of the State have experienced drought conditions for at last part of the year in each of the last five years. The State has experienced large wildfire/forest fire seasons in which air quality across the State has been negatively impacted (including diminished air quality from wildfires/forest fires located outside the State from drifting air currents). Wildfires/forest fires can impact the State's and the County's economy, cause repository health problems, loss of infrastructure, homes and property and destroying forestland, wildlife habitat and its resources.

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS

The Master Lease And The Indenture

The 2020 Bonds are payable from amounts due under the Master Lease, as may be appropriated by the Board of Trustees of the District, and certain other moneys as provided in the Indenture. The Initial Term of the Master Lease expired on December 31, 2017, and the current term expires on December 31, 2020. The District has the option to extend the term of the Master Lease for consecutive one-year renewal terms, which it has done since December 31, 2017 through December 31, 2020.

Extension of the term of the Master Lease beyond such date is subject to the further exercise by the District, in its sole discretion, to renew the Master Lease for consecutive additional one-year Renewal Terms commencing January 1 of each of the years 2021 through 2039, and a final Renewal Term commencing January 1, 2040, and ending February 15, 2040, unless terminated earlier or extended by the issuance of Additional Parity Bonds. For circumstances under which the Master Lease may be terminated, see “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—The Master Lease—Termination of the Lease Term.”

The District expects to extend the term of the Master Lease for January 1, 2021 through December 31, 2021 at the time of the District’s budget adoption in June 2020 and December 2020.

The Authority, as lessor under the Master Lease and pursuant to the Indenture, has assigned to the Trustee its rights to receive Base Rentals under the Master Lease, for the benefit of the Bondowners. In addition, the Authority has, for the benefit of the Bondowners, granted to the Trustee, pursuant to the Indenture, a lien on and a security interest in all of its right, title and interest in and to the 2017 Project and any additional Projects to be acquired under the Master Lease.

The continuation of the term of the Master Lease and the obligation of the District to pay Base Rentals after December 31, 2020, are subject to the appropriation by the Board of Trustees of the District of sufficient funds to extend the term of the Master Lease for each succeeding Renewal Term. Neither the Master Lease nor the 2020 Bonds constitute a general obligation or indebtedness of the District or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the District nor the Authority has pledged its credit to the payment of the Base Rentals or the 2020 Bonds, and neither the District nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Master Lease or the 2020 Bonds. The Authority does not have any taxing power.

So long as the Master Lease remains in effect and the Board of Trustees of the District appropriates sufficient funds to extend the term of the Master Lease for each successive Renewal Term, the District is required by the provisions of the Master Lease to pay semiannually to the Trustee specified Base Rentals for the 2017 Project which are sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds.

The District has covenanted in the Master Lease to cause to be included in its annual tentative budget submitted to the Board of Trustees of the District a request for appropriation, in accordance with applicable law, of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably anticipated Additional Rentals under the Master Lease for the 2017 Project during the next succeeding Renewal Term. See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Request for Appropriation.”

In the event the Board of Trustees of the District does not appropriate sufficient funds to extend the term of the Master Lease, and the Master Lease thereby expires by its terms at the end of any Renewal Term, the District will have no further payment obligation under the Master Lease, except for the Base Rentals which are payable prior to the termination of the Master Lease. Upon such expiration, the Trustee may exercise one or more of the rights provided in the Master Lease, the Indenture or the Deed of Trust, including an option to dispose of the Authority’s interest in the 2017 Project, and apply the proceeds of such disposition, if any, together with the moneys in the Bond Fund and other amounts available under the Indenture, to the payment of principal of all then outstanding Bonds and accrued interest thereon. However, due to the nature of the 2017 Project, it is unlikely that revenues from such sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should a shortfall occur, the Bonds would be paid on a pro rata basis as provided in the Indenture. See “INVESTMENT CONSIDERATIONS” above.

Pursuant to the provisions of the Master Lease, the District may, in its sole discretion, purchase all or a portion of the 2017 Project by payment of the applicable Option Price as defined in the Master Lease. Neither the District nor the Board of Trustees of the District may be compelled to exercise the purchase option provided in the Master Lease. See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Conveyance on Purchase of 2017 Project.”

Insurance On The 2017 Project

The 2017 Project is required to be insured by policies of insurance or by self-insurance to the extent described in “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Provisions Respecting Insurance.” All Net Proceeds of performance bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance (except the policy of public liability and property damage insurance) required by the Master Lease or condemnation awards which are received by the Trustee will be deposited into a separate trust fund under the Indenture. Such Net Proceeds will be used either to repair, restore, modify or improve the applicable Projects or to redeem or defease the related Bonds, as more fully described in “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Provisions Respecting Insurance” “—Damage, Destruction And Condemnation” “—Obligation of the District to Repair and Replace a Project” “—Public Liability Insurance” and “—Worker’s Compensation Coverage.” Also see, “SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Risk Management And Insurance; Cybersecurity; Recent Earthquake” below.

No Debt Service Reserve Requirement For The 2020 Bonds

The Indenture provides that a separate account in the Debt Service Reserve Fund may be established for each Series of Bonds issued under the Indenture which is to be funded in an amount equal to the Debt Service Reserve Requirement, if any. There is no Debt Service Reserve Requirement for the 2020 Bonds and no account in the Debt Service Reserve Fund will be funded with respect to the 2020 Bonds. See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—Definitions—Debt Service Reserve Requirement.”

No Debt Service Reserve Fund for the Prior Parity Bonds. The Authority did not create or fund a debt service reserve fund for the Prior Parity Bonds.

The Deed Of Trust

The Authority under the Deed of Trust has irrevocably warranted, granted, transferred, conveyed and assigned to the Trustee, in trust with power of sale, all of its right, title and interest in the 2017 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 under the Prior Parity Bonds, the 2020 Bonds and the Indenture. The Deed of Trust generally provides for the procedure by which the Trustee can foreclose the lien on the Authority’s interest in the 2017 Project to pay the Authority’s payment obligations under the Prior Parity Bonds, the 2020 Bonds and the Indenture. If an Event of Default occurs under the Indenture, and if the Trustee accelerates the payment of the Prior Parity Bonds, the 2020 Bonds pursuant thereto, the Trustee shall also direct the trustee under the Deed of Trust to foreclose the lien created under the Deed of Trust, either by public sale or by proceedings in equity. The Trustee shall receive any proceeds from such sale and apply them in accordance with the Indenture. Subject to the limitation on remedies and acceleration during acquisition and construction of portions of the 2017 Project, any proceeds shall be applied to the payment of principal and interest then due and unpaid on all of the Prior Parity Bonds, the 2020 Bonds, ratably, according to the amounts due respectively for principal and interest, to the Bondowners.

No deficiency judgment upon foreclosure of the lien of the Indenture or security or Deed of Trust 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 Master Lease.

No deficiency judgment upon foreclosure of the lien of the Indenture or security or Deed of Trust 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 Master Lease.

Additional Parity Bonds And Refunding Bonds

Under the Indenture, the Authority may issue Additional Parity Bonds, consisting of Additional Bonds, Refunding Bonds or a combination of both, ranking on a parity with the 2020 Bonds. All Additional Parity Bonds will be secured by the lien of the Indenture and the Deed of Trust and will rank on a parity with the 2020 Bonds. Such Additional Parity Bonds shall be payable solely from the Base Rentals and, if paid by the District, the Purchase Option Price and other amounts derived from the leasing of the 2017 Project or other Projects financed under the Indenture.

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 and certain requirements of the Indenture are satisfied, one or more series of Additional Bonds may be issued for the purpose of financing Costs of Acquisition and Construction of a Project or Projects for the use and benefit of the District and/or one or more Series of Refunding Bonds may be issued for the purpose of refunding Bonds or other obligations of the Authority.

See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE INDENTURE—Additional Parity Bonds.”

NO DEFAULTED AUTHORITY BONDS OR FAILURES BY DISTRICT TO RENEW LEASE

As of the date of this OFFICIAL STATEMENT and since the execution of the Indenture and Master Lease (as of March 1, 2017), the Authority has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto. As of the date of this OFFICIAL STATEMENT and since March 1, 2017, the District has never failed to renew, or defaulted on any payments due under, any annually renewable lease with the Authority.

THE 2020 BONDS

General

The 2020 Bonds will be dated the date of delivery¹ thereof (the “Dated Date”) and will mature on February 15 of the years and in the amounts and pay interest on the dates and at the rates shown on the inside cover page, commencing August 15, 2020.

Debt Service on the 2020 Bonds Based on Base Rental Payment Schedule. The Master Lease requires semi-annual Base Rental payments to be made by the District to the Authority (on February 1 and August 1 of each year), which Base Rentals have been assigned to the Trustee pursuant to the Indenture. The 2020 Bond principal and/or interest payments are then paid by the Trustee on February 15 and August 15. The following table shows scheduled debt service on the 2020 Bonds based on Base Rental payment dates.

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¹ The anticipated date of delivery is Wednesday, June 24, 2020.

Due Date (Base Rental Payment)	The 2020 Bonds		Period Total	Fiscal Total
	Principal*	Interest		
August 1, 2020.....	\$ 0.00	\$		
February 1, 2021.....	300,000.00			
August 1, 2021.....	0.00			
February 1, 2022.....	310,000.00			
August 1, 2022.....	0.00			
February 1, 2023.....	325,000.00			
August 1, 2023.....	0.00			
February 1, 2024.....	340,000.00			
August 1, 2024.....	0.00			
February 1, 2025.....	350,000.00			
August 1, 2025.....	0.00			
February 1, 2026.....	365,000.00			
August 1, 2026.....	0.00			
February 1, 2027.....	380,000.00			
August 1, 2027.....	0.00			
February 1, 2028.....	395,000.00			
August 1, 2028.....	0.00			
February 1, 2029.....	415,000.00			
August 1, 2029.....	0.00			
February 1, 2030.....	430,000.00			
August 1, 2030.....	0.00			
February 1, 2031.....	445,000.00			
August 1, 2031.....	0.00			
February 1, 2032.....	460,000.00			
August 1, 2032.....	0.00			
February 1, 2033.....	475,000.00			
August 1, 2033.....	0.00			
February 1, 2034.....	485,000.00			
August 1, 2034.....	0.00			
February 1, 2035.....	500,000.00			
August 1, 2035.....	0.00			
February 1, 2036.....	520,000.00			
August 1, 2036.....	0.00			
February 1, 2037.....	535,000.00			
August 1, 2037.....	0.00			
February 1, 2038.....	<u>550,000.00</u>			
Totals.....	<u>\$7,580,000.00</u>	\$	\$	

* Preliminary; subject to change.

Interest on the 2020 Bonds shall be computed on the basis of a 360-day year of 12, 30-day months. U.S. Bank, National Association, Salt Lake City, Utah, is the initial Registrar (the “Registrar”), Paying Agent (the “Paying Agent”) and Trustee with respect to the 2020 Bonds.

The 2020 Bonds will be issued as fully-registered bonds, initially in book-entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Plan Of Refunding

The Authority has previously issued its 2017 Bonds and its 2018 Bonds, and the original proceeds of both bond series were used for acquisition of land and the construction of the 2017 Project.

Proceeds from the 2020 Bonds, in the aggregate amount of \$8,251,340* shall be used to call and retire the 2018 Bonds maturing on June 24, 2020.* *The 2018 Bonds were issued as a direct placement with a callable at any time optional redemption feature.*

The 2018 Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (February 15)	Call Date*	CUSIP® (none)	Principal Amount	Interest Rate	Call Price
2021.....	June 24, 2020	—	\$ 357,000	1.20%	100%
2022.....	June 24, 2020	—	362,000	1.40	100
2023.....	June 24, 2020	—	368,000	1.60	100
2024.....	June 24, 2020	—	374,000	1.80	100
2025.....	June 24, 2020	—	381,000	2.00	100
2026.....	June 24, 2020	—	389,000	2.25	100
2027.....	June 24, 2020	—	399,000	2.50	100
2028.....	June 24, 2020	—	409,000	2.75	100
2029.....	June 24, 2020	—	422,000	3.25	100
2030.....	June 24, 2020	—	436,000	3.50	100
2031.....	June 24, 2020	—	452,000	3.75	100
2032.....	June 24, 2020	—	470,000	4.00	100
2033.....	June 24, 2020	—	490,000	4.25	100
2034.....	June 24, 2020	—	512,000	4.60	100
2035.....	June 24, 2020	—	537,000	4.85	100
2036.....	June 24, 2020	—	565,000	5.15	100
2037.....	June 24, 2020	—	595,000	5.35	100
2038.....	June 24, 2020	—	<u>629,000</u>	5.65	100
Totals			<u>\$8,147,000</u>		

Registration, Denominations, Manner Of Payment

The 2020 Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2020 Bonds. Purchases of 2020 Bonds will be made in book–entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners (as defined herein) of the 2020 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 2020 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX E—BOOK–ENTRY SYSTEM” below.

Principal of and interest on the 2020 Bonds (interest payable February 15 and August 15 of each year, commencing August 15, 2020) are payable by the Paying Agent, to the Registered Owners of the 2020 Bonds. So long as Cede & Co. is the registered owner of the 2020 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2020 Bonds, as described in “APPENDIX E—BOOK–ENTRY SYSTEM” below.

So long as DTC or its nominee is the sole registered owner of the 2020 Bonds, neither the Authority, , nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2020 Bonds. *Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.*

Transfer Or Exchange Of The 2020 Bonds; Regular Record Date

The Authority shall cause books for the registration and for the transfer of the 2020 Bonds to be kept by the Trustee which is also the Bond Registrar of the Authority.

* Preliminary; subject to change.

In the event the book-entry-only system is discontinued, any 2020 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 2020 Bond for cancellation, 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 Bond Registrar. Upon surrender for transfer of any 2020 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 2020 Bond or 2020 Bonds of the same maturity for a like aggregate principal amount as the 2020 Bond surrendered for transfer. In the event the book-entry system is discontinued, 2020 Bonds may be exchanged at the designated office of the Trustee for a like aggregate principal amount of 2020 Bonds of other authorized denominations of the same maturity. The Authority and the Trustee shall not be required to transfer or exchange any 2020 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 2020 Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such 2020 Bond for redemption.

The Authority, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2020 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 2020 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 provided in the Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2020 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 2020 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 2020 Bond shall be delivered.

Regular Record Date means the 15th day (whether or not a Business Day) next preceding each Interest Payment Date. 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 15 days prior to any Special Record Date (as herein defined), to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day 15 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. "Special Record Date" means such date as may be fixed for the payment of defaulted interest on Bonds in accordance with the Indenture.

Sources And Uses Of Funds

The proceeds from the sale of the 2020 Bonds are estimated to be applied as set forth below:

Sources:

Par amount of 2020 Bonds	\$
Original issue premium	
Total	\$

Uses:

Deposit to Current Refunding Fund	\$
Costs of issuance (1).....	
Purchaser's discount.....	
Original issue discount	
Total	\$

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

(Source: Municipal Advisor.)

Redemption Provisions For The 2020 Bonds

Optional Redemption. The 2020 Bonds maturing on and after February 15, 2031 are subject to redemption prior to maturity, in whole or in part, at the option of the Authority on February 15, 2030, or on any date thereafter, from such maturities or parts thereof as shall be selected by the Authority, at the redemption price of 100% of the principal amount of the 2020 Bonds to be redeemed plus accrued interest (if any) thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2020 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s).

Extraordinary Redemption In The Event Of Damage, Destruction Or Condemnation Of The 2017 Project. The Bonds are callable for redemption prior to maturity in whole on any date, if (i) the 2017 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 2017 Project shall become apparent, or title to or the use of all or any material portion of the 2017 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 and replacing the 2017 Project, and (iii) the District elects to discharge its obligation to repair and replace the 2017 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 2017 Project under the Master Lease will terminate and the District will have no further obligation for the payment of Base Rentals and Additional Rentals under the Indenture, and possession of the 2017 Project shall be surrendered to the Authority and all right, title and interest of the District and the Authority in any funds or accounts created under the Indenture (except for amounts held in the Rebate Fund or for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee, as trustee for the Bondholders. Thereafter, the Indenture and the Deed of Trust may, subject to the limitations of the Indenture, be foreclosed and the Authority's interest in the 2017 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 (except moneys held in the Rebate Fund or for the payment of Bonds not then deemed outstanding), shall be proportionally applied to the redemption of the Bonds at the earliest date practicable, as specified in a written notice from the Authority to the Trustee. Such redemption of the 2020 Bonds shall be made upon payment of the principal amount of the 2020 Bonds then Outstanding, plus accrued interest thereon, all in accordance with the Indenture. In the event there are moneys remaining in the Bond Fund after payment in full of all Bonds of said Series issued under the Indenture, the Trustee is authorized and directed to transfer said moneys to the District. *In the event that the 2020 Bonds are redeemed subsequent to the occurrence of an event described in this paragraph by payment of an amount less than the outstanding principal amount thereof and accrued interest to the redemption date, no further claim for payment may be had by the holders of the 2020 Bonds against the Authority, the District or the Trustee.*

Selection for Redemption. If less than all 2020 Bonds of any maturity are to be redeemed, the particular 2020 Bonds or portion of 2020 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. The portion of any registered 2020 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2020 Bonds for redemption, the Bond Registrar will treat each such 2020 Bond as representing that number of 2020 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2020 Bond by \$5,000.

Notice of Redemption. Notice of redemption will be given by the Bond Registrar by first class mail, not less than 30 nor more than 60 days prior to the redemption date, to the Registered Owner of each 2020 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the Bond Registrar. Each notice of redemption will state descriptive information needed to accurately identify the 2020 Bonds being redeemed, the redemption date, the place of redemption, the redemption price and, if less than all of the 2020 Bonds are to be redeemed, the respective principal amounts thereof to be redeemed, and will also state that the interest on the 2020 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2020 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the 2020 Bonds called for redemption, such notice shall state that such redemption is subject to

the deposit of redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice will be of no effect unless such moneys are so deposited. Any notice mailed will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2020 Bond will not affect the validity of the proceedings for redemption with respect to any other 2020 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to at least one national information services as provided in the Indenture, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Indenture.

For so long as a book–entry system is in effect with respect to the 2020 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2020 Bonds.

Book–Entry System

DTC will act as securities depository for the 2020 Bonds. The 2020 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 2020 Bond certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a “fast agent” of DTC. See “APPENDIX E—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

LOCAL BUILDING AUTHORITY OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH

Establishment And Statutory Powers

The Board of Trustees of the District created the Authority as a nonprofit corporation in accordance with the provisions of the predecessor to the Building Authority Act. The Authority is to be of perpetual duration as set forth in its Articles of Incorporation. The Authority at the present time has no full–time employees or other personnel other than its governing board as described below. The Authority has no property, money or other assets, except for the 2017 Project as described in this OFFICIAL STATEMENT. The principal place of business of the Authority is in the District offices at the address shown under “INTRODUCTION—Contact Persons” above.

The Authority has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing and/or refinancing their costs on behalf of the 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. The Authority may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by the governing body of the District. The Authority has been organized as a nonprofit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

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

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

on behalf of the public body which created the Authority in order to accomplish the public purposes for which the public body exists; (ii) enter into leasing contracts with the 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 financing and refinancing the cost of acquiring, improving or extending a project; and (iv) exercise other powers as enumerated in the Building Authority Act, all in accordance with and subject to the specific requirements of the Building Authority Act with respect to such powers.

Organization

According to the By-Laws of the Authority, the affairs of the Authority are managed by the Board of Trustees of the Authority (the “Board of Trustees of the Authority”), which consists of the Board of Trustees of the District. The Board of Trustees of the Authority are appointed by Salt Lake City’s Mayor and City Council. The Board of Trustees of the Authority meets as necessary. Each board member serves on the Board of Trustees of the Authority until death, incapacity or removal from the board. Trustees may be removed and replaced by the City at any time at its discretion. Set forth below are the current members of the Board of Trustees of the Authority:

<u>Title/Position</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
President (1).....	Maureen Wilson	17	December 31, 2019
Vice President.....	La Vone Liddle	19	December 31, 2021
Trustee (2)	Carlton Christensen	5	December 31, 2019
Trustee	Dr. Neil Vickers	2	December 31, 2022
Trustee	Dr. Dagmar Vitek	12	December 31, 2021

- (1) Ms. Wilson will continue to serve until replaced.
 - (2) Mr. Christensen will continue to serve until replaced.
- (Source: The District.)

Debt Issuance

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

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

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2020 (a) (1).....	Refunding	\$7,580,000*	February 15, 2038*	\$ 7,580,000*
2018 (2)	Building	8,500,000	June 24, 2020 (3) *	0
2017 (1)	Building	8,500,000	February 15, 2040	<u>8,500,000</u>
Total				<u>\$16,080,000*</u>

- * Preliminary; subject to change.
- (a) For purposes of this OFFICIAL STATEMENT the 2020 Bonds will be considered issued and outstanding. Rated “Aa3” by Moody’s Investors Service Inc. (“Moody’s”), as of the date of this OFFICIAL STATEMENT.
- (1) Rated “Aa3” by Moody’s, as of the date of this OFFICIAL STATEMENT.
- (2) Not rated; no rating applied for. Issued as a direct placement. These bonds to be called and retired by the 2020 Bonds.
- (3) Final maturity date after bonds are called and retired by the 2020 Bonds.

(Source: Municipal Advisor.)

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**Debt Service Schedule Of Outstanding Local Building Authority Of Salt Lake Mosquito Abatement District, Utah
Lease Revenue Bonds By Fiscal Year**

Fiscal Year Ending December 31	Series 2020 \$7,580,000*		Series 2018 \$8,500,000		Series 2017 \$8,500,000		Totals		
	Principal*	Interest (a)	Principal	Interest	Principal	Interest	Total	Total	Total Debt
							Principal	Interest	Service
2019.....	\$ 0	\$ 0	\$ 0	\$ 294,712	\$ 0	\$ 403,700	\$ 0	\$ 698,412	\$ 698,412
2020.....	0	37,329	0	147,356	0	403,700	0	588,385	588,385
2021.....	300,000	257,500	0	0 (1)	270,000	398,300	570,000	655,800	1,225,800
2022.....	310,000	245,300	0	0 (1)	280,000	387,300	590,000	632,600	1,222,600
2023.....	325,000	232,600	0	0 (1)	290,000	375,900	615,000	608,500	1,223,500
2024.....	340,000	219,300	0	0 (1)	305,000	364,000	645,000	583,300	1,228,300
2025.....	350,000	205,500	0	0 (1)	315,000	351,600	665,000	557,100	1,222,100
2026.....	365,000	191,200	0	0 (1)	330,000	338,700	695,000	529,900	1,224,900
2027.....	380,000	176,300	0	0 (1)	340,000	325,300	720,000	501,600	1,221,600
2028.....	395,000	160,800	0	0 (1)	355,000	309,625 (2)	750,000	470,425	1,220,425
2029.....	415,000	144,600	0	0 (1)	375,000	291,375 (2)	790,000	435,975	1,225,975
2030.....	430,000	127,700	0	0 (1)	395,000	272,125 (3)	825,000	399,825	1,224,825
2031.....	445,000	112,425	0	0 (1)	415,000	251,875 (3)	860,000	364,300	1,224,300
2032.....	460,000	98,850	0	0 (1)	435,000	230,625 (4)	895,000	329,475	1,224,475
2033.....	475,000	84,825	0	0 (1)	460,000	208,250 (4)	935,000	293,075	1,228,075
2034.....	485,000	70,425	0	0 (1)	480,000	184,750 (4)	965,000	255,175	1,220,175
2035.....	500,000	55,650	0	0 (1)	505,000	160,125 (5)	1,005,000	215,775	1,220,775
2036.....	520,000	40,350	0	0 (1)	530,000	134,250 (5)	1,050,000	174,600	1,224,600
2037.....	535,000	24,525	0	0 (1)	560,000	107,000 (5)	1,095,000	131,525	1,226,525
2038.....	550,000	8,250	0	0 (1)	590,000	78,250 (6)	1,140,000	86,500	1,226,500
2039.....	-	-	-	-	620,000	48,000 (6)	620,000	48,000	668,000
2040.....	-	-	-	-	650,000	16,250 (6)	650,000	16,250	666,250
Totals.....	<u>\$ 7,580,000</u>	<u>\$ 2,493,429</u>	<u>\$ 0</u>	<u>\$ 442,068</u>	<u>\$ 8,500,000</u>	<u>\$ 5,641,000</u>	<u>\$ 16,080,000</u>	<u>\$ 8,576,497</u>	<u>\$ 24,656,497</u>

* Preliminary; subject to change.

(a) Preliminary subject to change: Interest is estimated at an average interest rate of 3.26% per annum.

(1) Principal and interest will be refunded by the 2020 Bonds.

(2) Mandatory sinking fund principal payments from a \$730,000 5.00% term bond due February 15, 2029.

(3) Mandatory sinking fund principal payments from a \$810,000 5.00% term bond due February 15, 2031.

(4) Mandatory sinking fund principal payments from a \$1,375,000 5.00% term bond due February 15, 2034.

(5) Mandatory sinking fund principal payments from a \$1,595,000 5.00% term bond due February 15, 2037.

(6) Mandatory sinking fund principal payments from a \$1,860,000 5.00% term bond due February 15, 2040.

Future Issuance Of Debt

The Authority does not anticipate the issuance of additional lease revenue bonds for the 2017 Project or any additional future Projects but reserves the right to issue Additional Parity Bonds as specified in the Indenture.

THE 2017 PROJECT

The 2017 Project Financed With Bonds

In March 2017, the Authority issued the 2017 Bonds to acquire land and begin the initial construction of the 2017 Project. Acquisition of the property was delayed for a time; however, the Authority purchased the Property (approximately 1.7 acres for \$2,436,761) and began the construction of the 2017 Project in late Fall/Winter 2017.

The land on which the 2017 Project (the “2017 Project Site”) is located is owned by the Authority and is being leased by the District pursuant to the Master Lease.

In March 2018, the Authority issued the 2018 Bonds for additional funds for the construction of the 2017 Project. *The construction was completed on the 2017 Project in September 2019.*

In addition to the 2017 Project Site acquisition, certain proceeds from the 2017 Bonds and proceeds from the 2018 Bonds were used for the acquisition, construction, and equipping of various building projects and related improvements for the 2017 Project (which includes the following buildings):

Vehicle storage/maintenance building. The construction of an approximate \$5,115,000, 20,959 square foot indoor storage/maintenance building. The building is one-story, constructed of concrete, metal, brick and steel. The indoor storage/maintenance building provides storage facilities for the District’s fleet of vehicles, offices, restrooms, paint booth, interior car wash and will include a fully functional maintenance shop.

Office/administration/laboratory building. The construction of an approximate \$3,902,000, 9,863 square foot office/administration/laboratory building, one-story, constructed of concrete, metal, brick and steel. The administration building includes District offices, file storage, kitchen, locker rooms and a biosafety laboratory.

Vehicle storage/Trailer storage building. The construction of an approximate \$2,243,000, 7,115 square foot indoor truck storage; wash area; and trailer area. This building is one-story, constructed of concrete, metal, brick and steel. The trailer storage building provides parking for truck’s pulling trailers with all-terrain vehicles attached.

Chemical storage building. The construction of an approximate \$707,800, 1,310 square foot chemical/pesticides storage building, one-story, constructed of concrete, metal, brick and steel. The building has loading docks and special safety infrastructure used in the storage of chemicals/pesticides. Chemicals stored in this building are used in the abatement of mosquitos.

Bunk house/dirty lab building. The construction of an approximate \$546,000, 1,762 square foot bunk house/dirty lab building, one-story, constructed of concrete, metal, brick and steel. This building is used as a temporary lodging facility for District visiting scholars or students/interns and has a fully functional living space complete with kitchen, dining, sleeping and restroom spaces.

Fish hatchery building. The construction of an approximate \$534,600, 1,500 square foot fish hatchery building, one-story, constructed of concrete, metal, brick and steel. This building houses six 800-gallon interior tanks where fish will be housed and raised.

The 2017 Project As Security For The Bonds

The 2020 Bonds and the Prior Parity Bonds are equally and ratably secured by the lien of the Indenture, the Deed of Trust and the Master Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the District shall be required to surrender and vacate the 2017 Project, the Trustee shall have all

rights and remedies to take possession of the 2017 Project as trustee for the benefit of the Beneficial Owners of the 2020 Bonds, and the Trustee may exercise various remedies against or with respect to the 2017 Project under the Indenture and the Master Lease for the proportionate benefit of the Beneficial Owners of the 2020 Bonds. See “INVESTMENT CONSIDERATIONS—Destruction Of A Project” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS—The Master Lease and The Indenture” above. Under the Master Lease, an Event of Nonappropriation will occur if the Board of Trustees of the District fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the 2017 Project coming due in any Fiscal Year under the Master Lease.

Cross-Collateralization

Subject to the following section, if applicable, “Release Of The 2017 Project Upon Payment Of Bonds,” and to the provisions described above under “THE 2020 BONDS—Redemption Provisions For The 2020 Bonds—Extraordinary Redemption In The Event of Damage, Destruction or Condemnation” pursuant to the Indenture and the Master Lease, all Bonds issued under the Indenture are cross-collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a security interest in all of the Authority’s right, title and interest in the 2017 Project. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Master Lease will entitle the Trustee to take possession of the 2017 Project and to exercise its rights and remedies to the extent provided in the Indenture against the 2017 Project in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding.

Release Of The 2017 Project Upon Payment Of Bonds

Pursuant to the Master Lease, the District has the option of purchasing the 2017 Project in advance of the final maturity of Bonds issued to finance the 2017 Project. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, the 2017 Project may be released as security for Bonds and may be transferred to the District if (i) the District shall deposit with the Trustee the Purchase Option Price for the 2017 Project; and (ii) there shall have been delivered to the Trustee an opinion of nationally-recognized bond counsel to the effect that the release of the 2017 Project will not adversely affect the excludability of interest on the Bonds from the federal gross income of the owners thereof. Pursuant to the Indenture and the Master Lease, the District may exercise this option with respect to the 2017 Project.

Maintenance On The 2017 Project

The District has agreed in the Master Lease, at its own expense, to maintain, manage and operate the 2017 Project and all improvements thereon in good working order, condition and repair, and to pay all costs associated therewith. As provided in the Master Lease, the Authority, the Trustee and the Bondowners have no obligation to incur any expense of any kind or character for the management, operation or maintenance of the 2017 Project during the term of the Master Lease. See “APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS—THE MASTER LEASE—Maintenance of the Projects by the District.”

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH

General

The District was created in 1924 to provide for mosquito abatement within the boundaries of the City. The District is one of three mosquito abatement districts located in Salt Lake County, Utah (the “County”). The other two districts include South Salt Lake Valley Mosquito Abatement District and Magna Mosquito Abatement District. See location map above.

The District’s office is located in the City and the District maintains a website at <http://www.slc-mosquito.com>.

The City, incorporated in 1851, covers an area of approximately 110 square miles and is located in the northern portion of the County. The City had 200,591 residents according to the 2018 population estimate by the U.S. Census Bureau, ranking the City as the largest city in the State of Utah (the “State”).

District Revenues And Collections

Pursuant to State statutes, 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 Fiscal Year 2019, the District levied a property tax rate of 0.000133. The maximum rate at which the District may levy a property tax for general operation purposes is limited to 0.000400 per dollar of taxable value of taxable property within the District. Property taxes are due on November 30 of each year. *For Fiscal Year 2019, the District collected property taxes in December 2019 of approximately \$4,300,000 to fund its fiscal operations for Fiscal Year 2020.*

See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Five-Year Financial Summaries” “—Certain Property Tax Matters—Ad Valorem Tax Levy and Collection” “—Historical Property Tax Rates of the District” and “—Tax Collection Record of the District” below.

District Annexation Expansion

In Fiscal Year 2018, the District completed the process of annexing certain unincorporated areas of the City into its boundaries. The annexation, matching the taxing boundaries of the City, has increased the ad valorem taxable valuation within the District by approximately \$3 billion (including redevelopment agency valuations).

However, under State law, as the ad valorem taxable valuation increases, the District would have to lower its ad valorem property tax rate, so that the District would receive about the same amount of property tax revenues collected as compared to the prior Fiscal Year’s collection of property tax revenues. The District has the ability to increase its ad valorem property tax rate for general operation purposes at any time (up to a tax rate of 0.000400) but must follow certain procedures under State law when increasing the ad valorem property tax rate.

See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Certain Property Tax Matters—Ad Valorem Tax Levy and Collection” “—Public Hearing on Certain Tax Increases” and “—Historical Property Tax Rates of the District” below.

Form Of Government

The District is governed by the Board of Trustees of the District which consists of five members appointed by the City’s Mayor and City Council. The Board of Trustees of the District meets in regular session on a monthly basis. Special meetings are periodically called as provided in the District’s administrative policies. Current members of the Board of Trustees of the District and certain administrators of the District and their respective terms or appointment in office are as follows:

<u>Title/Position</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
President (1).....	Maureen Wilson	17	December 31, 2019
Vice President.....	La Vone Liddle	19	December 31, 2021
Trustee (2)	Carlton Christensen	5	December 31, 2019
Trustee	Dr. Neil Vickers	2	December 31, 2022
Trustee	Dr. Dagmar Vitek	12	December 31, 2021
Executive Director.....	Ary Faraji	7	Appointed
Assistant Director	Greg White	4	Appointed
Chief Financial Officer.....	Aleta Fairbanks	29	Appointed
Operations Supervisor	Jason Hardman	14	Appointed

- (1) Ms. Wilson will continue to serve until replaced.
 (2) Mr. Christensen will continue to serve until replaced.
 (Source: The District.)

Employee Workforce And Retirement System; No Post–Employment Benefits

Employee Workforce and Retirement System. The District employs nine full–time employees as of Fiscal Year 2019. The District participates in cost–sharing multiple employer defined benefit pension plans covering public employees of the State and employees of participating local government entities administered by the Utah State Retirement Systems (“URS”). The retirement system provides retirement benefits, a deferred compensation plan, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

For a detailed discussion regarding retirement benefits and contributions See “APPENDIX B—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 6. Employee Retirement Plans” (audit page–30); “Required Supplementary Information” (audit pages 37–40).

No Post–Employment Benefits. As of the date of this OFFICIAL STATEMENT, the District does not offer any other post–employment benefits.

Risk Management And Insurance; Cybersecurity; Recent Earthquake

Risk Management And Insurance. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The District has earthquake coverage as part of its insurance policies (see *Recent Earthquake* below). The District manages its risks through the Utah Local Government Trust (a public entity risk pool) for liabilities up to \$15 million. *The District believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the District provides.*

Cybersecurity. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s systems technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the District invests in multiple forms of cybersecurity and operational safeguards, including cybersecurity insurance coverage.

Recent Earthquake. The State is in a region of seismic activity subject to earthquakes in varying strengths. On March 18, 2020 an earthquake occurred in the township of Magna, Salt Lake County, Utah (located approximately two miles south of the District’s location site), which magnitude registered 5.7 on the Richter scale. *The District’s 2017 Project sustained no structural damage.* Most of the damage occurred in the Salt Lake County, Utah area and the current preliminary estimate is that total losses could range up to \$62 million for State insured properties.

Investment Of Funds

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

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

The Utah Public Treasurers’ Investment Fund. A significant portion of District funds may be invested in the Utah Public Treasurers Investment Fund (“PTIF”). The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. All investments in the PTIF must comply with the Money Management Act and rules of the Money Management Council. The PTIF invests primarily in money market securities. Securities

in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, and obligations of the U.S. Treasury and securities of certain agencies of the federal government. By policy, the maximum weighted average adjusted life of the portfolio is not to exceed 90 days and the maximum final maturity of any security purchased by the PTIF is limited to five years. Safekeeping and audit controls for all investments owned by the PTIF must comply with the Money Management Act.

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

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

See “APPENDIX B—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note 2. Deposits and Investments” (audit page 22).

Population

Using 2019 U.S. Census Bureau data the District estimates its population at approximately 200,500. The following population information is provided for the City, the County and the State.

	<u>City</u>	<u>% Change From Prior Period</u>	<u>County</u>	<u>% Change From Prior Period</u>	<u>State of Utah</u>	<u>% Change From Prior Period</u>
2019 Estimate (1).....	200,567	7.6	1,160,437	16.0	3,205,958	1.4
2010 Census.....	186,440	2.6	1,029,655	14.6	2,763,885	23.8
2000 Census.....	181,764	13.6	898,387	23.7	2,233,169	29.6
1990 Census.....	159,936	(1.9)	725,956	17.3	1,722,850	17.9
1980 Census.....	163,034	(7.3)	619,066	35.0	1,461,037	37.9
1970 Census.....	175,885	(7.2)	458,607	19.7	1,059,273	18.9

(1) U.S. Bureau of the Census estimates for July 1, 2019. Percentage change is calculated from the 2010 Census

(Source: U.S. Department of Commerce, Bureau of the Census. Compiled by the Municipal Advisor.)

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

Labor Force, Nonfarm Jobs and Wages within Salt Lake County

	Calendar Year (1)						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Civilian labor force.....	620,909	615,007	601,889	585,345	575,348	569,638	1.0	2.2	2.8	1.7	1.0
Employed persons.....	602,123	595,884	582,791	565,532	554,142	544,635	1.0	2.2	3.1	2.1	1.7
Unemployed persons.....	18,786	19,123	19,098	19,813	21,206	25,003	(1.8)	0.1	(3.6)	(6.6)	(15.2)
Total private sector (average).....	612,635	595,855	595,855	581,825	565,635	540,662	2.8	0.0	2.4	2.9	4.6
Agriculture, forestry, fishing and hunting.....	250	220	220	214	192	179	13.6	0.0	2.8	11.5	7.3
Mining.....	2,853	2,704	2,704	2,428	2,696	2,948	5.5	0.0	11.4	(9.9)	(8.5)
Utilities.....	1,530	1,470	1,470	1,439	1,532	1,483	4.1	0.0	2.2	(6.1)	3.3
Construction.....	40,072	38,050	38,050	35,777	33,452	31,621	5.3	0.0	6.4	7.0	5.8
Manufacturing.....	56,670	55,973	55,973	54,492	53,357	52,468	1.2	0.0	2.7	2.1	1.7
Wholesale trade.....	32,116	32,285	32,285	32,050	31,414	30,538	(0.5)	0.0	0.7	2.0	2.9
Retail trade.....	73,998	72,156	72,156	71,791	69,427	67,280	2.6	0.0	0.5	3.4	3.2
Transportation and warehousing.....	35,630	33,012	33,012	31,579	30,334	28,319	7.9	0.0	4.5	4.1	7.1
Information.....	20,031	20,200	20,200	18,888	17,959	18,154	(0.8)	0.0	6.9	5.2	(1.1)
Finance and insurance.....	47,619	46,313	46,313	45,194	43,228	40,888	2.8	0.0	2.5	4.5	5.7
Real estate, rental and leasing.....	11,125	10,660	10,660	10,250	9,840	9,609	4.4	0.0	4.0	4.2	2.4
Professional, scientific, and technical services.....	56,608	52,861	52,861	51,656	49,355	46,708	7.1	0.0	2.3	4.7	5.7
Management of companies and enterprises.....	15,883	16,493	16,493	16,263	16,622	16,559	(3.7)	0.0	1.4	(2.2)	0.4
Admin., support, waste mgmt., remediation.....	53,267	52,748	52,748	52,777	50,397	48,327	1.0	0.0	(0.1)	4.7	4.3
Education services.....	15,512	14,889	14,889	13,975	13,016	12,215	4.2	0.0	6.5	7.4	6.6
Health care and social assistance.....	67,046	66,255	66,255	64,613	62,061	59,778	1.2	0.0	2.5	4.1	3.8
Arts, entertainment and recreation.....	9,497	9,313	9,313	8,806	7,751	7,430	2.0	0.0	5.8	13.6	4.3
Accommodation and food services.....	51,342	49,477	49,477	48,772	47,803	46,218	3.8	0.0	1.4	2.0	3.4
Other services.....	21,780	21,287	21,287	21,018	20,758	20,066	2.3	0.0	1.3	1.3	3.4
Unclassified establishments.....	59	6	6	59	105	56	883.3	0.0	(89.8)	(43.8)	87.5
Total public sector (average).....	105,383	104,593	104,593	102,621	100,193	98,849	0.8	0.0	1.9	2.4	1.4
Federal.....	11,323	11,368	11,368	11,433	11,115	10,374	(0.4)	0.0	(0.6)	2.9	7.1
State.....	48,683	47,719	47,719	46,631	45,306	44,389	2.0	0.0	2.3	2.9	2.1
Local.....	45,377	45,507	45,507	44,557	43,771	44,086	(0.3)	0.0	2.1	1.8	(0.7)
Total payroll (in millions)..... \$	38,876	\$ 36,455	\$ 36,455	\$ 34,599	\$ 32,692	\$ 30,472	6.6	0.0	5.4	5.8	7.3
Average monthly wage..... \$	4,512	\$ 4,337	\$ 4,337	\$ 4,211	\$ 4,120	\$ 3,971	4.0	0.0	3.0	2.2	3.8
Average employment.....	718,017	700,449	700,449	684,639	661,297	639,511	2.5	0.0	2.3	3.5	3.4
Establishments.....	45,902	43,798	43,798	42,813	41,519	40,022	4.8	0.0	2.3	3.1	3.7

(1) Source: Utah Department of Workforce Services.

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

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

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2016-17	2015-16	2014-15	2013-14	2012-13
Total Personal Income (in \$1,000's):											
Salt Lake County.....	\$ 60,673,924	\$ 56,738,279	\$ 53,961,250	\$ 51,313,881	\$ 47,595,221	\$ 45,016,497	6.9	5.1	5.2	7.8	5.7
State of Utah.....	146,422,529	136,543,686	128,929,427	121,884,897	113,140,896	106,427,246	7.2	5.9	5.8	7.7	6.3
Total Per Capita Personal Income:											
Salt Lake County.....	52,639	49,866	48,150	46,538	43,655	41,700	5.6	3.6	3.5	6.6	4.7
State of Utah.....	46,320	44,002	42,375	40,867	38,517	36,725	5.3	3.8	3.7	6.1	4.9
Median Household Income:											
Salt Lake County.....	73,619	71,396	68,404	65,549	62,536	61,716	3.1	4.4	4.4	4.8	1.3
State of Utah.....	71,381	68,395	65,931	62,961	60,943	59,715	4.4	3.7	4.7	3.3	2.1

Construction within Salt Lake City (2)

	Calendar Year						% change from prior year				
	2019	2018	2017	2016	2015	2014	2018-19	2017-18	2016-17	2015-16	2014-15
Number new dwelling units.....	3,894.0	4,391.0	1,993.0	3,049.0	1,343.0	1,424.0	(11.3)	120.3	(34.6)	127.0	(5.7)
New (in \$1,000's):											
Residential value.....	\$ 589,888.3	\$ 323,622.4	\$ 313,177.1	\$ 377,547.5	\$ 157,378.5	\$ 130,817.7	82.3	3.3	(17.0)	139.9	20.3
Non-residential value.....	458,798.9	962,988.2	1,267,181.9	331,676.4	175,010.4	202,946.1	(52.4)	(24.0)	282.1	89.5	(13.8)
Additions, alterations, repairs (in \$1,000's):											
Residential value.....	40,935.1	94,073.9	93,009.2	38,680.1	33,294.6	42,524.2	(56.5)	1.1	140.5	16.2	(21.7)
Non-residential value.....	326,724.3	584,706.3	736,104.9	734,678.9	175,323.8	187,977.9	(44.1)	(20.6)	0.2	319.0	(6.7)
Total construction value (in \$1,000's).....	\$ 1,416,346.6	\$ 1,965,390.8	\$ 2,409,473.1	\$ 1,482,582.9	\$ 541,007.3	\$ 564,265.9	(27.9)	(18.4)	62.5	174.0	(4.1)

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

	Calendar Year						% change from prior year				
	2018	2017	2016	2015	2014	2013	2017-18	2016-17	2015-16	2014-15	2013-14
Gross Taxable Sales (in \$1,000's):											
Salt Lake City.....	\$ 8,864,079	\$ 8,230,626	\$ 7,622,309	\$ 7,342,164	\$ 6,960,089	\$ 6,722,892	7.7	8.0	3.8	5.5	3.5
Salt Lake County.....	28,855,617	27,084,521	25,415,491	24,256,515	22,940,973	21,986,133	6.5	6.6	4.8	5.7	4.3
State of Utah.....	64,982,524	61,031,692	56,502,434	53,933,277	51,709,163	49,404,046	6.5	8.0	4.8	4.3	4.7
Fiscal Year											
	2018	2017	2016	2015	2014	2013	% change from prior year				
Local Sales and Use Tax Distribution:											
Salt Lake City.....	\$ 61,012,067	\$ 56,215,516	\$ 53,175,550	\$ 51,568,729	\$ 48,834,004	\$ 47,883,116	8.5	5.7	3.1	5.6	2.0
Salt Lake County (and all cities).....	248,453,077	230,302,588	220,401,770	211,079,080	200,829,369	195,073,246	7.9	4.5	4.4	5.1	3.0

(1) Source: U.S. Department of Commerce; Bureau of Economic Analysis and U.S. Census Bureau
(2) Source: University of Utah Kem C. Gardner Policy Institute, Ivory-Boyer Utah Report and Database.
(3) Source: Utah State Tax Commission.

Largest Employers Of The County

The County is the business and financial center for many of the major businesses and industries in the State. Major employers (over 2,000 employees) in the County area include:

<u>Employer (Location)</u>	<u>Business Category</u>	<u>Range of Number of Employees</u>
State of Utah (county-wide).....	All state government services	20,000+
University of Utah (county-wide).....	Higher education, health care	20,000+
Intermountain Health Care Center (county-wide).....	Health care and social assistance	15,000–20,000
United States Federal Government (county-wide).....	Federal government services	10,000–15,000
Church of Jesus Christ of Latter-day Saints.....	Religious organizations	7,000–10,000
Granite School District (county-wide).....	Education services	7,000–10,000
Wal Mart (county-wide).....	Retail trade	7,000–10,000
Zions Bancorporation (county-wide).....	Finance and insurance	7,000–10,000
Jordan School District (county-wide).....	Education services	5,000–7,000
Salt Lake County (county-wide).....	County administration	5,000–7,000
Canyons School District (county-wide).....	Education services	4,000–5,000
Delta Airlines (Salt Lake).....	Transportation and warehousing	4,000–5,000
Smiths (county-wide).....	Retail trade	4,000–5,000
Associated Reg. & University Patholo (Salt Lake).....	Health care and social assistance	3,000–4,000
C.R. England Inc. (Salt Lake).....	Transportation and warehousing	3,000–4,000
Department of Veterans Affairs (Salt Lake).....	Health care and social assistance	3,000–4,000
Discover (Salt Lake).....	Finance and insurance	3,000–4,000
L3 Communications Corp. (Salt Lake).....	Manufacturing	3,000–4,000
Salt Lake City School District (Salt Lake).....	Education services	3,000–4,000
Salt Lake Community College (county-wide).....	Education services	3,000–4,000
United Parcel Service (Salt Lake).....	Transportation and warehousing	3,000–4,000
Amazon Fulfillment Services (Salt Lake).....	Delivery services	2,000–3,000
Goldman Sachs and Co. (Salt Lake).....	Finance and insurance	2,000–3,000
Jet Blue Airways (Salt Lake).....	Administration	2,000–3,000
Kennecott Utah Copper (county-wide).....	Mining; manufacturing	2,000–3,000
McDonalds (county-wide).....	Restaurants	2,000–3,000
Salt Lake City.....	City government	2,000–3,000
Target (county-wide).....	Retail trade	2,000–3,000
Utah Transit Authority (Salt Lake).....	Transportation and warehousing	2,000–3,000
Wells Fargo Bank/Advisors (county-wide).....	Finance and insurance	2,000–3,000

(Source: Utah Department of Workforce Services. Updated information as of September 2019.)

Rate Of Unemployment—Annual Average

<u>Year</u>	<u>Salt Lake County</u>	<u>State of Utah</u>	<u>United States</u>
2020 (1).....	11.2%	9.7%	14.7%
2019.....	2.9	2.6	3.7
2018.....	3.0	3.1	3.9
2017.....	3.1	3.2	4.4
2016.....	3.2	3.4	4.9
2015.....	3.4	3.6	5.3

(1) Preliminary, subject to change. As of April 2020 (seasonally adjusted). Increase due to the economic effects from COVID-19. See FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Potential Impact Of The Coronavirus (COVID-19).

(Source: Utah Department of Workforce Services.)

DEBT STRUCTURE OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH

No Debt Obligations

Other than the lease payments to the Authority, the District has no debt obligations outstanding, as of the date of this OFFICIAL STATEMENT.

Joint Venture With Mosquito Abatement District–Davis

In 2008, the District entered into a joint venture (the “Joint Venture”) with Mosquito Abatement District–Davis (“MAD–D”) (which entity is located in Davis County, Utah, located north and adjacent to the City and County). Through an interlocal cooperation agreement the Davis–Salt Lake Aerial Spray Authority (“Spray Authority”) was created to operate and maintain a hangar and storage facilities for the District’s and MAD–D’s aerial spray programs. The Spray Authority is governed by a six–member board, with two members from the District and four members from MAD–D. Since 2009, the District and MAD–D are required to contribute one–half of the Spray Authority’s annual budget for capital activities and funding its operations. In Fiscal Year 2019 the District contributed approximately \$31,000 to the Spray Authority and will continue to pay 50% of the annual budget of the Spray Authority’s operations.

Overlapping And Underlying General Obligation Debt Of The District

Although the District has no outstanding general obligation debt, it does levy an ad valorem property tax to support its ongoing financial operations. The following are those overlapping entities who levy ad valorem property taxes to pay for voter authorized general obligation bonds.

Taxing Entity	2019 Taxable Value (1)	District’s Portion of Tax- able Value	District’s Per- centage	Entity’s General Obligation Debt	District’s Portion of G.O. Debt
<i>Overlapping:</i>					
State of Utah.....	\$314,499,970,729	\$31,188,663,670	9.9%	\$2,899,370,000	\$287,037,630
CUWCD (2).....	186,325,918,594	31,188,663,670	16.7	185,295,000	30,944,265
Salt Lake County	119,794,065,815	31,188,663,670	26.0	172,205,000	44,773,300
Salt Lake City	31,537,760,702	31,188,663,670	98.9	115,555,000	114,283,895
Salt Lake City School District	31,499,532,614	31,188,663,670	99.0	20,375,000	<u>20,171,250</u>
Total overlapping.....					<u>497,210,340</u>
<i>Underlying:</i>					
Total underlying.....					<u>0</u>
Total overlapping and underlying general obligation debt					<u>\$497,210,340</u>
Total <i>overlapping</i> general obligation debt (excluding the State) (3).....					\$210,172,710
Total <i>direct</i> general obligation bonded indebtedness					<u>0</u>
Total <i>direct and overlapping</i> general obligation debt (excluding the State).....					<u>\$210,172,710</u>

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

- (1) Taxable value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Certain Property Tax Matters—Taxable and Fair Market/Market Value of Property in the District” below.
- (2) Central Utah Water Conservancy District (“CUWCD”) outstanding general obligation bonds are limited ad valorem tax bonds. Certain portions of the principal of and interest on CUWCD’s general obligation bonds are paid from sales of water.
- (3) The State’s general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.

(Source: Municipal Advisor.)

See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Certain Property Tax Matters—Historical Property Tax Rates of the District” below.

Debt Ratios Regarding General Obligation Debt Of The District

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

	To 2019 Taxable Value (1)	To 2019 Market Value (2)	To 2019 Population Estimate Per Capita (3)
Direct general obligation debt	0.00%	0.00%	\$ 0
Direct and overlapping general obligation debt.....	0.67	0.51	1,048

(1) Based on the 2019 Taxable Value of \$31,188,663,670, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(2) Based on the 2019 Market Value of \$41,143,481,460, which value *excludes* the taxable value used to determine uniform fees on tangible personal property.

(3) Based on 2019 estimate of 200,500 from information from the U.S. Census Bureau.

(Source: Municipal Advisor.)

See “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Certain Property Tax Matters—Property Tax Matters—Uniform Fees” and “Taxable and Fair Market/Market Value Of Property in the District” below.

General Obligation Legal Debt Limit And Additional Debt Incurring Capacity Of The District

The District has never issued general obligation bonds, but if general obligation bonds were issued, the general obligation indebtedness of the District is limited by State law to 12% of the fair market value of taxable property in the District. The debt limit and additional debt incurring capacity of the District shown below are based on the fair market value for 2019 and the calculated valuation from 2019 uniform fees, and are calculated as follows:

2019 “Fair Market Value” (1).....	\$41,143,481,460
2019 valuation from Uniform Fees (2).....	<u>9,903,459</u>
2019 “Fair Market Value for Debt Incurring Capacity”	<u>\$41,153,384,919</u>
“Fair Market Value for Debt Incurring Capacity” times 12% equals (the “Debt Limit”)	\$4,938,406,190
Less: currently outstanding general obligation debt.....	<u>(0)</u>
Additional debt incurring capacity	<u>\$4,938,406,190</u>

(1) Does not include the taxable value associated with semi-conductor manufacturing equipment (“SCME”).

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

(Source: Municipal Advisor.)

No Defaulted Obligations

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

**FINANCIAL INFORMATION REGARDING
SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH**

Potential Impact Of The Coronavirus (COVID-19)

Summary. The State’s first confirmed case of COVID-19 was on March 6, 2020, hours after the Governor of the State declared a state of emergency. Since then, the virus has spread throughout the State, although the number of confirmed COVID-19 cases and related deaths to date have been comparatively low. Public health data and other information related to the State is published at <https://coronavirus.utah.gov/>.

The COVID-19 pandemic could negatively impact the finances and operations of the District and result in increased costs to the District and/or negative impacts on the collection of property taxes within the District due to ad valorem tax payment delinquencies.

Significant developments regarding COVID-19 continue to occur daily and the extent to which COVID-19 will impact the District in the future is highly uncertain and cannot be predicted. However, the District does not expect the factors described above to negatively impact the District’s ability to pay the principal of and interest on the 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS” above.

Fund Structure; Accounting Basis

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

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

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

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

Budget And Appropriation Process

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

On or before the first regularly scheduled meeting of the Board of Trustees of the District in November of each year, the budget officer is required to submit to the Board of Trustees of the District a proposed budget for all funds for the Fiscal Year commencing January 1. Various actual and estimated budget data are required to be set forth in the proposed budget including estimated revenue from non-property tax sources available for all funds and the revenue from general property taxes required by all funds. The proposed budget is then tentatively adopted by the Dis-

tract and may thereafter be amended or revised by the District prior to a public hearing. If the District proposes to budget an increased amount of property tax revenue exclusive of revenues from new growth, the Board of Trustees of the District shall comply with the certain notice and hearing requirements contained in the Property Tax Act, Chapter 2, Title 59, Utah Code (the "Property Tax Act") in adopting the budget. After public notice and hearing, the tentative budget is adopted by the District, subject to further amendment or revisions by the District prior to adoption of the final budget.

On or before December 31 in each year, the final budgets for all funds are adopted by the Board of Trustees of the District. The Local District Act prohibits the District 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 during the Fiscal Year. However, in order to increase the budget of the general fund or other funds, public notice and hearing must be provided.

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

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

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, but the District has also empowered the Chief Financial Officer to maintain control by major categories within departments. These controls are such that a requisition will not be entered into the purchasing system unless the appropriated funds are available. The Chief Financial Officer checks for sufficient funds again prior to the purchase order being issued and again before the payment check are issued. Voucher payments are also controlled by the Chief Financial Officer for sufficient appropriations.

Five-Year Financial Summaries

The summaries contained herein were extracted from the District's annual financial statements for Fiscal Years 2019 through 2015. The summaries themselves have not been audited.

The District's annual financial statements for Fiscal Year 2020 must be completed under State law by June 30, 2021.

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Salt Lake City Mosquito Abatement District

Statement of Net Position

(This summary has not been audited)

	As of December 31				
	2019	2018	2017	2016	2015
Assets					
Current assets					
Cash and cash equivalents.....	\$ 7,474,230	\$ 6,912,248	\$ 5,538,583	\$ 4,241,370	\$ 2,999,445
Restricted cash.....	179,641	6,720,164	6,418,473	-	-
Inventories.....	119,861	43,663	51,507	100,134	196,929
Tax receivable.....	22,944	67,392	107,215	186,969	43,777
Due from other governments.....	20,510	-	-	-	-
Prepaid expenses.....	2,698	3,325	7,488	4,956	1,519
Investment in Davis Salt Lake Spray Authority...	-	-	820,003	708,934	599,957
Total current assets.....	7,819,884	13,746,792	12,943,269	5,242,363	3,841,627
Noncurrent assets					
Capital assets					
Land.....	2,436,761	2,436,761	2,436,761	62,738	62,738
Capital assets net of accumulated depreciation					
Buildings (1).....	16,384,591	1,425,462	1,477,710	1,545,243	1,612,777
Vehicles (1).....	247,110	211,769	155,951	137,190	117,081
Machinery and equipment (1).....	658,449	116,436	133,110	98,840	122,925
Construction in progress.....	-	9,509,394	787,404	66,482	27,759
Total capital assets.....	19,726,911	13,699,822	4,990,936	1,910,493	1,943,280
Investment in Davis Salt Lake Aerial Spray Authority (a joint venture).....	939,468	819,781	-	-	-
Net pension asset.....	-	-	-	38	207
Total assets.....	28,486,263	28,266,395	17,934,205	7,152,894	5,785,114
Deferred outflows of resources—pensions.....	262,947	196,219	223,440	201,709	95,545
Total assets and deferred outflows of resources.....	\$ 28,749,210	\$ 28,462,614	\$ 18,157,645	\$ 7,354,603	\$ 5,880,659
Liabilities, deferred inflows of resources and net position					
Current liabilities					
Accounts payable and accrued liabilities.....	\$ 176,918	\$ 1,160,122	\$ 254,852	\$ 15,742	\$ 13,436
Noncurrent liabilities due within one year.....	353,000	-	-	-	-
Accrued interest.....	261,905	261,905	151,388	-	-
Contingencies.....	35,000	35,000	35,000	35,000	35,000
Total current liabilities.....	826,823	1,457,027	441,240	50,742	48,436
Noncurrent liabilities					
Due in more than one year					
Noncurrent liabilities due within one year.....	17,602,697	18,003,185	9,588,268	-	-
Net pension liability.....	373,166	202,762	304,573	281,204	201,603
Compensated absences.....	140,241	114,334	102,907	69,461	83,041
Total noncurrent liabilities.....	18,116,104	18,320,281	9,995,748	350,665	284,644
Total liabilities.....	18,942,927	19,777,308	10,436,988	401,407 #	333,080
Deferred inflows of resources—pensions.....	16,170	103,275	49,348	29,722	25,947
Net position					
Unrestricted.....	6,546,790	5,345,449	5,030,165	5,316,961	3,578,352
Net investment in capital assets.....	3,243,323	3,236,582	2,641,144	1,910,493	1,943,280
Total net position.....	9,790,113	8,582,031	7,671,309	7,227,454	5,521,632
Total liabilities, deferred inflows of resources and net position.....	\$ 28,749,210	\$ 28,462,614	\$ 18,157,645	\$ 7,658,583	\$ 5,880,659

(1) Net of accumulated depreciation.

(Source: Information taken from the District's audited financial statements. Compiled by the Municipal Advisor.)

Salt Lake City Mosquito Abatement District

Statement of Activities

(This summary has not been audited)

Changes in Net Position (1)

	December 31				
	2019	2018	2017	2016	2015
Governmental activities					
Shop and equipment maintenance.....	(341,024)	(266,564)	(261,821)	(238,233)	(219,650)
Contribution to other government.....	(402,376)	(250,507)	(253,409)	-	-
Interest expense.....	(650,924)	(540,470)	(327,446)	-	-
Spraying department.....	(711,580)	(898,089)	(778,872)	(623,621)	(529,228)
Administration department.....	(1,536,203)	(1,551,047)	(1,638,011)	(1,255,016)	(1,192,798)
Davis–Salt Lake Aerial Spray Authority..	-	(31,222)	(39,931)	(42,024)	(43,783)
Total government.....	<u>(3,642,107)</u>	<u>(3,537,899)</u>	<u>(3,299,490)</u>	<u>(2,158,894)</u>	<u>(1,985,459)</u>
General revenues					
Property taxes.....	4,314,763	3,893,464	3,654,516	3,800,730	2,106,896
Unrestricted investment earnings.....	258,428	357,444	124,622	21,990	13,667
RDA property taxes.....	156,471	154,427	215,822	-	-
Change in investment in joint venture.....	119,687	-	-	-	-
Miscellaneous income.....	840	7,826	18,840	8	1,822
Gain (loss) on sale of capital assets.....	-	35,460	33,525	41,988	25,447
Total general revenues.....	<u>4,850,189</u>	<u>4,448,621</u>	<u>4,047,325</u>	<u>3,864,716</u>	<u>2,147,832</u>
Change in net position.....	1,208,082	910,722	747,835	1,705,822	162,373
Net position–beginning (as adjusted).....	8,582,031	7,671,309	6,923,474	5,521,632	5,534,059
Restatement.....	-	-	-	-	(174,800)
Net position–ending.....	<u><u>\$ 9,790,113</u></u>	<u><u>\$ 8,582,031</u></u>	<u><u>\$ 7,671,309</u></u>	<u><u>\$ 7,227,454</u></u>	<u><u>\$ 5,521,632</u></u>

(1) This report is presented in summary format concerning the single item of “Statement of Activities” and is not intended to be complete.

(Source: Information taken from the District’s audited financial statements. Compiled by the Municipal Advisor.)

Salt Lake City Mosquito Abatement District

Balance Sheet—Governmental Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended December 31				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets					
Cash and cash equivalents.....	\$ 4,431,675	\$ 3,503,037	\$ 2,868,794	\$ 2,255,519	\$ 1,837,119
Inventories.....	119,861	43,663	51,507	100,134	196,929
Taxes receivable.....	22,944	67,392	107,215	186,969	43,777
Due from other governments.....	20,510	—	—	—	—
Prepaid expenses.....	2,698	3,325	7,488	4,956	1,519
Total assets.....	<u>\$ 4,597,688</u>	<u>\$ 3,617,417</u>	<u>\$ 3,035,004</u>	<u>\$ 2,547,578</u>	<u>\$ 2,079,344</u>
Liabilities					
Accounts payable and accrued liabilities.....	\$ 12,990	\$ 11,342	\$ 9,542	\$ 15,742	\$ 13,436
Total liabilities.....	<u>12,990</u>	<u>11,342</u>	<u>9,542</u>	<u>15,742</u>	<u>13,436</u>
Fund balances					
Unassigned.....	4,462,139	3,559,087	2,966,467	2,426,746	1,867,460
Nonspendable					
Inventories.....	119,861	43,663	51,507	100,134	196,929
Prepaid expense.....	2,698	3,325	7,488	4,956	1,519
Total fund balances.....	<u>4,584,698</u>	<u>3,606,075</u>	<u>3,025,462</u>	<u>2,531,836</u>	<u>2,065,908</u>
Total liabilities and fund balances..	<u>\$ 4,597,688</u>	<u>\$ 3,617,417</u>	<u>\$ 3,035,004</u>	<u>\$ 2,547,578</u>	<u>\$ 2,079,344</u>

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

Salt Lake City Mosquito Abatement 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				
	2019	2018	2017	2016	2015
Revenues					
Property taxes.....	\$ 4,314,763	\$ 3,893,464	\$ 3,654,516	\$ 3,657,893	\$ 2,058,308
Redevelopment Agency taxes.....	156,471	154,427	215,822	142,837	48,588
Interest.....	82,562	55,100	23,483	10,624	7,151
Fee for services provided.....	18,995	–	–	–	–
Other revenues.....	840	7,826	18,840	8	1,822
Total revenues.....	4,573,631	4,110,817	3,912,661	3,811,362	2,115,869
Expenditures					
Current operating					
Administration department.....	1,456,796	1,425,158	1,385,033	1,251,449	1,188,318
Spraying department.....	730,575	898,089	778,872	623,621	529,228
Shop and equipment maintenance.....	138,608	162,115	153,663	138,498	123,950
Capital outlays.....	116,653	128,914	124,461	71,318	121,740
Davis–Salt Lake Aerial Spray Authority..	–	31,000	151,000	151,000	151,000
Total expenditures.....	2,442,632	2,645,276	2,593,029	2,235,886	2,114,236
Revenues over (under) expenditures.....	2,130,999	1,465,541	1,319,632	1,575,476	1,633
Other financing sources (uses)					
Proceeds from sale of capital assets.....	–	39,701	31,001	(251,931)	28,068
Contributions to other governments.....	(402,376)	(250,507)	(253,409)	–	–
Transfers in (out).....	(750,000)	(674,121)	(603,598)	(857,618)	(110,000)
Total other financing sources (uses)....	(1,152,376)	(884,927)	(826,006)	(1,109,549)	(81,932)
Net change in fund balances.....	978,623	580,614	493,626	465,927	(80,299)
Fund balances–beginning of year.....	3,606,076	3,025,462	2,531,836	2,065,908	2,146,207
Fund balances–end of year.....	\$ 4,584,699	\$ 3,606,076	\$ 3,025,462	\$ 2,531,835	\$ 2,065,908

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

Certain Property Tax Matters

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information relating to a major source of general fund revenues of the District. As described herein, the 2020 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 “INVESTMENT CONSIDERATIONS” above.

Ad Valorem Tax Levy And Collection

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

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

Taxes are due November 30 (and if a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10 whichever is greater (delinquent taxes paid on or before January 31 immediately following the delinquency date the penalty is 1% of the amount of the delinquent tax or \$10 whichever is greater). Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6% from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% nor more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

The process described above changes if a county or other taxing entity proposes a tax rate in excess of the certified tax rate (as described under “Public Hearing On Certain Tax Increases” below). If such an increase is proposed, the taxing entity must adopt a proposed tax rate before June 22. In addition, the county auditor must include certain information in the notices to be mailed by July 22, as described above, including information concerning the tax impact of the proposed increase on the property and the time and place of the public hearing described in “Public Hearing On Certain Tax Increases” below. In most cases, notice of the public hearing must also be advertised by publication. After the public hearing is held, the taxing entity may adopt a resolution levying a tax in excess of the certified tax rate. A resolution levying a tax in excess of the certified tax rate must be forwarded to the county auditor by August 17. The final tax notice is then mailed by November 1.

Public Hearing on Certain Tax Increases

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

For certain taxing entities, among other requirements, on or before July 22 of the year in which such an increase is proposed, the county auditor must mail to all property owners a notice of the public hearing. In most cases, the taxing entity must advertise the notice of public hearing by publication in a newspaper. Such notices must state, among other things, the value of the property, the time and place of the public hearing, and the tax impact of the proposed increase.

Property Tax Matters

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

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally–assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal resources and (v) mines, mining claims and appurtenant machinery, facilities and improvements. All other taxable property (“locally–assessed property”) is required to be assessed by the county assessor of the county in which such locally–assessed property is located. Each county assessor must update property values annually based upon a systematic review of current market data by using a State mandated mass appraisal system and must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

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

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on the value of motor vehicles, watercraft, recreational vehicles, and all other tangible

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

Historical Property Tax Rates of the District

The maximum rate of levy applicable to the District for general fund operations authorized by Utah law is 0.000400 per dollar of taxable value of taxable property within the District.

	<u>Property Tax Rate (Calendar Year)</u>					
	<u>Maximum Limit (1)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General operations.....	.0000400	.000133	.000141	.000160	.000171	.000121
Judgment levy (2).....	none	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>	<u>.000000</u>
Total.....		<u>.000133</u>	<u>.000141</u>	<u>.000160</u>	<u>.000171</u>	<u>.000121</u>

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

(Source: Reports from the Utah State Tax Commission. Compiled by the Municipal Advisor.)

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Comparative Ad Valorem Total Property Tax Rates

This table reflects property tax rates within the County and Utah County, Utah (as noted). Municipal entities included in the District are highlighted in italics.

Tax Levying Entity (1)	Total Tax Rate Within Taxing Area (Fiscal Year)				
	2019	2018	2017	2016	2015
Canyons School District:					
Alta Town .....	.012002	.011554	.011899	.012177	.012807
Cottonwood Heights City.....	.014374	.014013	.014273	.014675	.015549
Draper City (3) (4) .....	.013056	.012816	.013399	.013808	.014604
Midvale City .....	.014514	.014350	.014932	.015397	.015391
Sandy City.....	.013598	.012974	.013581	.014020	.015000
Granite School District:					
Holladay City.....	.013343	.013507	.012934	.012913	.013557
Millcreek City (5).....	.015023	.015603	.014910	-	-
Murray City (3).....	.014204	.014420	.013101	.013118	.013795
<i>Salt Lake City (3)</i>	<i>.015373</i>	<i>.015820</i>	<i>.015430</i>	<i>.014758</i>	<i>.015504</i>
South Salt Lake City .....	.013095	.013612	.013029	.013166	.013806
Taylorsville City (3).....	.015220	.015811	.015248	.015335	.016206
West Jordan City (3).....	.014588	.015143	.014354	.014451	.015239
West Valley City.....	.016743	.017270	.017172	.016864	.017844
Jordan School District:					
Bluffdale Town .....	.012230	.011872	.012412	.012523	.012573
Draper City (3).....	.011748	.011816	.012156	.012903	.013008
Herriman City .....	.014442	.014665	.014832	.015460	.015667
Riverton City.....	.013919	.014136	.014506	.015118	.015306
South Jordan City.....	.012282	.012344	.012596	.013294	.013389
Taylorsville City (3).....	.015220	.013119	.013383	.014173	.014317
West Jordan City (3).....	.013580	.013796	.013966	.014846	.015101
Murray City.....	-	-	.011492	.012227	.012276
Murray City School District:					
Murray City.....	.011829	.011641	.011626	.012056	.012961
Salt Lake City School District:					
<i>Salt Lake City.....</i>	<i>.015056</i>	<i>.015428</i>	<i>.016423</i>	<i>.016225</i>	<i>.017716</i>
Unincorporated areas (2):					
Canyons School District.....	.016250	.015817	.016202	.016492	.017425
Granite School District.....	.017113	.017613	.016931	.016512	.017760
Jordan School District.....	.015459	.015678	.015901	.016588	.016965
Alpine School District (Utah County):					
Bluffdale City (3) (4) .....	.010384	.010482	.011003	.011088	.011515
Draper City (3) (4) .....	.010396	.010951	.011318	.012075	.012583

- (1) These tax rates represent a taxing district within the city or town with the highest combined total tax rates of all overlapping taxing districts.
- (2) These tax rates represent a taxing district within the unincorporated areas within the County with the highest combined total tax rates of all overlapping taxing districts.
- (3) Portions of these cities boundaries are within two or more school district boundaries.
- (4) A portion of the city is also located in Utah County.
- (5) Incorporated January 1, 2017.

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

Taxable and Fair Market/Market Value Of Property In The District

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/Market Value (2)	% Change Over Prior Year
2019	\$ 31,187,632,401	17.8	\$ 41,142,450,191	16.7
2018	26,474,096,311	20.3	35,257,547,206	17.2
2017	22,002,347,789	6.2	30,087,576,448	7.0
2016	20,716,863,262	10.4	28,116,225,268	10.0
2015	18,757,380,444	5.8	25,550,702,944	6.1

(1) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment ("SCME"). The estimated redevelopment agency valuation for Calendar Year 2019 was approximately \$2.99 billion; for Calendar Year 2018 was approximately \$1.76 billion; for Calendar Year 2017 was approximately \$2.56 billion; for Calendar Year 2016 was approximately \$2.72 billion; and for Calendar Year 2015 was approximately \$2.49 billion.

(2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. Does not include market valuation for SCME.

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

Historical Summaries Of Taxable Values Of Property In The District

	Calendar Year					
	2019		2018	2017	2016	2015
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (centrally assessed)						
Total centrally assessed.....	\$ 2,175,523,311	7.0 %	\$ 2,102,035,488	\$ 1,683,018,632	\$ 1,822,942,977	\$ 1,617,534,781
Set by County Assessor (locally assessed)						
Real property (land and buildings)						
Primary residential.....	12,164,110,017	39.0	10,732,365,343	9,878,840,816	9,040,422,277	8,299,593,556
Secondary residential.....	204,615,920	0.7	188,767,190	188,343,470	186,894,600	177,282,160
Commercial and industrial.....	13,909,955,600	44.6	11,075,402,770	8,271,116,410	7,753,709,280	7,029,272,220
FAA (greenbelt).....	2,252,380	0.0	4,563,730	1,719,030	0	0
Unimproved non FAA (vacant)...	0	0.0	0	0	1,025,710	952,550
Agricultural.....	80,200	0.0	66,210	93,490	101,120	96,670
Total real property.....	26,281,014,117	84.3	22,001,165,243	18,340,113,216	16,982,152,987	15,507,197,156
Personal property						
Primary mobile homes.....	2,889,504	0.0	2,963,529	3,105,323	3,242,397	3,356,166
Secondary mobile homes.....	7,221,274	0.0	8,955,307	5,067,045	4,756,801	4,815,327
Other business.....	2,720,984,195	8.7	2,358,976,744	1,971,043,573	1,903,768,100	1,624,477,014
SCME.....	1,031,269	0.0	1,046,127	1,184,531	2,590,873	4,023,666
Total personal property.....	2,732,126,242	8.8	2,371,941,707	1,980,400,472	1,914,358,171	1,636,672,173
Total locally assessed.....	29,013,140,359	93.0	24,373,106,950	20,320,513,688	18,896,511,158	17,143,869,329
Total taxable value.....	\$ 31,188,663,670	100.0 %	\$ 26,475,142,438	\$ 22,003,532,320	\$ 20,719,454,135	\$ 18,761,404,110
Total taxable value (1).....	\$ 31,187,632,401		\$ 26,474,096,311	\$ 22,002,347,789	\$ 20,716,863,262	\$ 18,757,380,444

(1) Not including taxable valuation associated with SCME.

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

Tax Collection Record of the District

Ad valorem property taxes are due on November 30 of each year. *For Calendar Year 2020, ad valorem property tax payments are due November 30, 2020 and paid to the District in mid-December 2020. Final tax payments for Fiscal Year 2020 are not available.*

(1) Tax Year End 12/31	(2) Total Taxes Levied	(3) Trea- surer’s Relief	Net Taxes Assessed	Current Col- lections	(4) Deliq., Personal Property and Miscel- leous Col- lections	(4) Total Col- lections	% of Current Collec- tions to Net Taxes Assessed	% of Total Collec- tions to Net Taxes Assessed
2019	\$4,163,730	\$11,594	\$4,152,137	\$4,086,842	\$76,496	\$4,163,338	98.4%	100.3%
2018	3,782,561	10,755	3,771,806	3,700,306	86,584	3,786,890	98.1	100.4
2017	3,467,272	11,913	3,455,359	3,401,108	161,381	3,562,489	98.1	102.7
2016	3,469,561	11,864	3,457,696	3,484,688	54,028	3,538,716	100.8	102.3
2015	2,279,438	7,482	2,271,956	2,224,324	53,457	2,277,781	97.9	100.3

- (1) In addition to the Total Collections indicated above, the District also collected Uniform Fees (fees-in-lieu payments) for tax year 2019 of \$148,552; for tax year of 2018 of \$153,696; for tax year of 2017 of \$141,539; for tax year of 2016 of \$146,016; and for tax year 2015 of \$94,593; from tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State.
 - (2) Excludes redevelopment agencies valuation.
 - (3) Treasurer’s Relief includes abatements established by statute to low-income, elderly and for hardship situations. These Treasurer’s Relief items are levied against the property but are never collected and paid to the entity.
 - (4) Delinquent Collections include interest; sales of real and personal property; and miscellaneous delinquent collections.
- (Source: Information taken from Utah State Tax Commission reports and compiled by the Municipal Advisor.)

Some of the Largest Property Tax Taxpayers within the District

The District’s single largest property taxpayer in Fiscal Year 2019 was Property Reserve et. al. (owned by the Church of Jesus Christ of Latter-day Saints), a large land development property company including buildings and shopping malls in the downtown area of the City. The company comprised approximately 2.9% of the District’s total taxable valuation for Fiscal Year 2019. The top 10 largest property taxpayers comprised approximately 8.9% of the District’s total taxable valuation for Fiscal Year 2019 (Calendar Year 2018).

Taxpayer	Type of Business	2019 Taxable Value (1)	% of the District’s 2019 Taxable Value
City Creek Reserve Inc. (2)	Real estate and buildings	\$ 893,643,326	2.9%
Pacificorp	Electric utility	484,329,357	1.6
Delta Airlines	Airline/transportation	249,192,600	0.8
Wasatch Plaza Holdings LLC	Real estate and buildings	204,873,100	0.7
KBS111 222 Main	Real estate and buildings	175,277,700	0.6
AT&T INC	Communication utility	171,757,787	0.6
Questar Gas	Natural gas utility	160,028,642	0.5
SkyWest Airlines	Airline/transportation	146,724,819	0.5
MPLD Husky LLC	Manufacturing	138,510,300	0.4
Verizon Communication INC	Communications utility	<u>131,190,252</u>	0.4
Totals		<u>\$2,755,527,883</u>	9.0%

- (1) Taxable Value used in this table excludes the taxable value used to determine Uniform Fees on tangible personal property. See “Taxable and Fair Market/Market Value Of Property in the District” above.
 - (2) Includes Property Reserve Inc.
- (Source: Salt Lake City, Utah Comprehensive Annual Financial Report. Compiled by the Municipal Advisor.)

LEGAL MATTERS

Absence Of Litigation Concerning The 2020 Bonds

There is no litigation pending or threatened against the 2020 Bonds questioning or in any manner relating to or affecting the validity of the 2020 Bonds.

On the date of the execution and delivery of the 2020 Bonds, certificates will be delivered by the Authority and the District to the effect that to the knowledge of the Authority and the District, there is no action, suit, proceeding or litigation pending or threatened against the Authority or the District, which in any way materially questions or affects the validity or enforceability of the 2020 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Authority or the District.

A non-litigation opinion issued by Fabian VanCott, Salt Lake City, Utah, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to their knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the Authority or the District, or the titles of their respective officers to their respective offices, or the ability of the Authority, the District or their respective officers to authenticate, execute or deliver the 2020 Bonds or such other documents as may be required in connection with the issuance and sale of the 2020 Bonds, or to comply with or perform their respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2020 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2020 Bonds are issued, the legality of the purpose for which the 2020 Bonds are issued, or the validity of the 2020 Bonds or the issuance and sale thereof.

General

All legal matters incident to the authorization and issuance of the 2020 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Authority. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Authority by Gilmore & Bell, P.C., Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the District by Fabian VanCott, Salt Lake City, Utah. The approving opinion of Bond Counsel will be delivered with the 2020 Bonds. A copy of the opinion of Bond Counsel in substantially the form set forth in “APPENDIX C—FORM OF OPINION OF BOND COUNSEL” of this OFFICIAL STATEMENT will be made available upon request from the contact persons as indicated under “INTRODUCTION—Contact Persons” above.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2020 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 2020 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 2020 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 2020 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under the law currently existing as of the issue date of the 2020 Bonds:

Federal Tax Exemption. The interest on the 2020 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 2020 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The 2020 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).

State of Utah Tax Exemption. The interest on the 2020 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel’s opinions are provided as of the date of the original issue of the 2020 Bonds, subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2020 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2020 Bonds.

No Other Opinion. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2020 Bonds, except as expressly provided herein. Purchasers of the 2020 Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the 2020 Bonds, including the possible application of state, local, foreign and other tax laws.

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 2020 Bond over its issue price. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 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 2020 Bond during any accrual period generally equals (1) the issue price of that 2020 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2020 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 2020 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 2020 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 2020 Bond over its stated redemption price at maturity. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 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 2020 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the 2020 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 2020 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 Bonds. Upon the sale, exchange or retirement (including redemption) of a 2020 Bond, an owner of the 2020 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 received on the sale, exchange or retirement of the 2020 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the 2020 Bond. To the extent a 2020 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 2020 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 2020 Bonds, and to the proceeds paid on the sale of the 2020 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 2020 Bonds should be aware that ownership of the 2020 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, 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 2020 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2020 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 2020 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Ratings

As of the date of this OFFICIAL STATEMENT, the 2020 Bonds have been rated "Aa3" by Moody's. An explanation of this rating may be obtained from Moody's. The Authority did not apply for a rating from Fitch or S&P Global Ratings.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2020 Bonds. Such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating given the 2020 Bonds will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2020 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2020 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2020 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. See "APPENDIX A—EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS."

Municipal Advisor

The Authority has requested, and the Authority has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the Authority with respect to preparation for sale of the 2020 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2020 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the Authority, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty or warranty respecting the accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

Independent Auditors

The financial statements of the District as of December 31, 2019 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Child Richards CPAs & Advisors, Ogden, Utah (“Child Richards”), as stated in their report in “APPENDIX B—BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH FOR FISCAL YEAR 2019.” Child Richards has not been engaged to perform and has not performed, since the date of their report included in the financial statements, any procedures on the financial statements.

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

Additional Information

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

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

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

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

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

Local Building Authority of Salt Lake City Mosquito Abatement District, Utah

Salt Lake City Mosquito Abatement District, Utah

APPENDIX A

EXTRACTS OF CERTAIN PROVISIONS OF THE PRINCIPAL DOCUMENTS

The following are certain of the definitions contained in the General Indenture and the Master Lease and extracts of certain provisions of the Indenture, the Master Lease and the Security Documents. Reference is hereby made to the actual General Indenture, Master Lease and the Security Documents for a complete recital of their terms. During the period of the offering of the 2020 Bonds, copies of the General Indenture, the Master Lease and the Security Document will be available from the District. Subsequent to the offering of the 2020 Bonds, copies of the General Indenture, the Master Lease and the Security Document may be obtained from the Trustee.

THE INDENTURE

Definitions

“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 Bonds” means all Bonds (other than the Initial Bonds) issued under the Indenture.

“Additional Rentals” means the cost of all taxes, insurance premiums and expenses payable by, and fees of, the Trustee and its Counsel with respect to the Bonds and other charges and costs which the District assumes or agrees to pay exclusively from District Funds under the 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 in the Master Lease.

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

“Authority” means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah, a nonprofit corporation organized under the laws of the State, acting in the capacity as lessor under the 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 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.

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

“Bond Fund” means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Bond Fund established under the Indenture.

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

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

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

“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.

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

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

“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.

“Construction Fund” means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Construction Fund established under the Indenture.

“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, financial advisors' fees and commissions and printing costs, those amounts as the Authority shall find necessary to establish reserves and maintenance, repair, replacement, and contingency funds and accounts, and the interest on Bonds for a reasonable time prior to, during, and for a reasonable period of time after completion of a Project.

"Debt Service Reserve Fund" means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Debt Service Reserve Fund established under the Indenture for the purpose of securing payment of Bonds issued under the Indenture.

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

"Design Contract" means any contract or agreement relating to the architecture, design, engineering or planning of a Project or portion thereof.

"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 under the Indenture).

"District" means Salt Lake City Mosquito Abatement District, Utah, a body corporate duly established and existing under and by virtue of the Constitution and laws of the State, and any entity succeeding to its rights and obligations under the Master Lease.

"District Funds" means all revenues 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 under the Master Lease during the Lease Term in which the Master Lease may be in effect.

"District Representative" means the Chair and District Manager 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 by 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 the Indenture or Master Lease.

"Event of Nonappropriation" means a failure by the District to renew the 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 as set forth in the Master Lease. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the 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 the Master Lease 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 the Master Lease will not be renewed; provided, however, that the Trustee 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 the Master Lease. Notwithstanding anything to the contrary in the Master Lease, the District's failure or refusal to adopt a final budget in accordance with applicable law within the time provided by the Master Lease which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term shall constitute an Event of Nonappropriation.

"Fiscal Year" means the 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; 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.

"General Indenture" means the General Indenture of Trust dated March 1, 2017, by and between the Authority and the Trustee.

"Indenture" means the General Indenture and any supplemental indentures entered into in compliance with the provisions of the General Indenture.

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

"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:

(a) Direct Obligations;

(b) 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);

(c) Money market funds rated "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;

(d) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody's or A-1+ by S & P, and which matures not more than 270 days after the date of purchase;

(e) Bonds, notes or other evidences or indebtedness rated “AAA” by S & P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(f) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date or 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 or purchase (ratings on holding companies are not considered as the rating of the bank);

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

(h) Any 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.

“Lease Term” means the duration of the leasehold estate created in the Projects as provided in the Master Lease.

“Master Lease” means the Master Lease Agreement dated March 1, 2017, by and between the Authority and the District and any amendments and supplements thereto entered into in accordance with the Indenture.

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

“Net Proceeds,” when used with respect to (i) proceeds from policies of insurance required by the Master Lease (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 portion of the Lease Term which terminates on December 31, 2017.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated 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 the Indenture; and

(c) Bonds deemed paid under the Indenture.

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

“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 the Master Lease, permit to remain unpaid; (ii) the Master Lease including any security interests granted therein; (iii) utility access and other easements and rights of way, restrictions and exceptions which the 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, if any; (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 the furtherance of any Project; (vi) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right in respect thereof if payment is not yet due under the contract in question; (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 the General Indenture.

“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.

“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 the Master Lease with respect to a Project and purchasing the Authority’s interest in such Project, which amount, when added to the amounts then on deposit in the Bond Fund and the subaccount within the Debt Service Reserve Fund with respect to such Project (other than 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), (ii) in case of redemption, to make arrangements satisfactory to the Trustee for the giving of the required notice of redemption; and (iii) to make any payment of rebate with respect to any Tax-Exempt Bonds to be paid, defeased, retired and/or redeemed.

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

“Rebate Calculation Date” means, with respect to each Series of Bonds, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last Bond of such Series.

“Rebate Fund” means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Rebate Fund established under the Indenture.

“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 Bond Act” means Title 11, Chapter 27, Utah Code Annotated 1953, as amended.

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

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

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

“Renewal Terms” means the optional Renewal Terms of the Lease Term as provided in the Master Lease.

“Rentals” means all Base Rentals and Additional Rentals payable during the Lease Term under the Master Lease.

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

“Reserve Instrument” means a device or instrument issued by a Reserve Instrument Issuer to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. 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. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

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

“Reserve Instrument Fund” means the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Reserve Instrument Fund created in the Indenture to be held by the Trustee and administered pursuant to the Indenture.

“Reserve Instrument Limit” means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the 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, with the approval of the Trustee.

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

“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 the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah Sinking Fund Account of the Bond Fund established under the Indenture.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each year as specified in the Supplemental Indenture authorizing Term Bonds for the retirement of such Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with the General Indenture.

“State” means the State of Utah.

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

“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 of the Indenture.

“Trustee” means U.S. Bank 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.

Bond Fund

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

(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 the Indenture; (ii) any Net Proceeds of any insurance policy, performance bond or condemnation award to be deposited in the Bond Fund pursuant to the Master Lease; (iii) all Base Rentals, and, if paid by the District, that portion of the Purchase Option Price attributable to the retirement of the applicable Series of Bonds issued under the Indenture, as specified in the Master Lease; and (iv) Direct Payments and all other moneys received by the Trustee under and pursuant to the Indenture or the Master Lease which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. The Authority covenants and agrees that so long as any of the Bonds issued under the Indenture are Outstanding it will deposit, or cause to be paid to the Trustee for deposit in the Bond Fund for its account, any moneys which are pledged under the 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 the Indenture, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds and for the redemption of the Bonds prior to maturity.

Sinking Fund Account

(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 to the Indenture, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account). 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.

Construction Fund

The Authority covenants and agrees to take all necessary and appropriate action promptly in approving and ordering disbursements from the Construction Fund in accordance with provisions of the Master Lease. The Trustee is authorized and directed to make each disbursement so requested by the 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 the Master Lease, the Trustee shall file an account thereof with the Authority and the District.

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 of 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. 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, or (b) by a Reserve Instrument, or (c) any combination thereof.

(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 the Master Lease.

(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 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 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 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.

Rebate Fund and Arbitrage Rebate

(a) When directed 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 Rebateable Arbitrage for all Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebateable Arbitrage is determined, less amounts of Rebateable 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 Rebateable 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: (i) not less frequently than once each five years commencing no later than 60 days after the first Rebate Calculation Date for such Series of Bonds and upon each fifth anniversary of such date, an amount which when added to all previous rebate payments made with respect to such Series of Bonds equals 90% of the sum of the Rebateable Arbitrage pertaining to such Series of Bonds, and (ii) not later than 60 days after the retirement of the last Bond of such Series, 100% of the Rebateable Arbitrage with respect to such Series. The determination of Rebateable 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 covenants and agrees that it will not enter into any transaction or cause any transaction to be entered into with respect to the investment of proceeds of the Bonds, or otherwise, which reduces the amount which may be required to be paid to the United States pursuant to the arbitrage rebate requirements specified in the Indenture, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on each Series of the Bonds not been relevant to either party.

(g) The provisions of this Section may be amended or deleted, with respect to any or all Series of the Bonds, from the Indenture upon receipt by the Authority and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the (i) 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.

Investment

The District will direct the Trustee in investing amounts held in the funds created under the Indenture. Any moneys held as part of the Construction Fund, the Bond 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 of the Indenture and of the Master Lease. Any such investments shall be held by or under the control of the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments within the Bond Fund whenever the cash balance therein is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. All income and earnings from the investment of amounts on deposit in any fund shall be retained therein; provided, however, that any moneys held in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the Bond Fund at least annually.

Additional Parity Bonds

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. 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 compliance with the Indenture with respect to said Series of Refunding 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 the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and to remain Outstanding), and to extend the Lease Term if the maturity of any of the Refunding Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Refunding Bonds, the rate or rates of interest on the Refunding Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued 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 theretofore issued 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;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Bonds being refunded or commitment therefor (or if the bonds or other obligations being refunded were not issued pursuant to the 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;

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

(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 Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Refunding Bonds if: (i) the issuance of such Refunding Bonds otherwise complies with the provisions of the Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Refunding Bonds and the application of the proceeds thereof.

Each Series of Refunding Bonds issued pursuant to the 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.

Issuance of 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, 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 compliance with the Indenture with respect to said Series of Additional 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 the 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 the Initial Bonds and any Additional Bonds and Refunding Bonds theretofore issued and Outstanding), and to extend the Lease Term if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the then current Lease Term. The date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, and the redemption provisions (if any) with respect thereto all shall be as provided in the Supplemental Indenture;

(b) If any of the Bonds theretofore issued 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 theretofore issued 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 Additional Bonds being issued;

(c) A date-down endorsement to the ALTA mortgagee title insurance policy issued in connection with the issuance of the Initial Bonds (or other Bonds) or commitment therefor or an additional ALTA mortgagee title insurance policy or commitment therefor, which endorsement or policy shall insure to the date of issuance of such Additional Bonds and the recording of any supplement to the Security Documents, if required, the continuing validity of the lien thereof, as modified by any supplement to the Security Documents, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement or additional policy shall increase the amount of title insurance coverage thereunder to an amount at least equal to the aggregate principal amount of the Additional Bonds to be issued (or in the case of Additional Bonds issued to complete or extend a Project previously financed under the Indenture, the endorsement to the original policy for such Project shall increase the coverage to at least the aggregate principal amount of Bonds issued for such Project to be Outstanding upon the issuance of such Additional Bonds) and naming the Trustee as an insured. In the event that the property upon which additional projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the amendment to the Master Lease relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Construction Fund with respect to such portion of the Project;

(d) If such Series of Additional Bonds is being issued in whole or in part for construction purposes, (i) a copy, duly certified by the Secretary-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

(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 Master Lease and there has not occurred and is then continuing an Event of Nonappropriation; provided however that the existence of an Event of Default shall not preclude the issuance of any Additional Bonds if: (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) any Event of Default will cease to continue upon the issuance of such Additional Bonds and the application of the proceeds thereof.

Each Series of Additional Bonds issued pursuant to the 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.

Subordination of Master Lease to Indenture; Certain Rights to District

The rights and privileges under the Indenture 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.

Release of Equipment Forming a Part of the Projects

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.

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 and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of the Indenture and any Supplemental Indenture (including any make whole payment or redemption premiums), then these presents and the estate and rights granted by the Indenture 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 under the Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Direct Obligations.

Notwithstanding the foregoing, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until: (a) proper notice of redemption of such Bonds shall have been previously given in accordance with the provisions of the 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 the provisions of the Indenture, that the deposit required by (a)(ii) above has been made with or for the benefit of the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture, and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds and to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity; or (b) the maturity of such Bonds.

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

Nonpresentation of Bonds

Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under the Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the 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.

Events of Default

If any of the following events occur, it constitutes an "Event of Default" under the 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 pursuant to a conditional notice of redemption, 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 the Indenture;
- (d) The occurrence of an event of default under the terms of any of the Bond Documents on the part of either the Authority or the District;
- (e) The Authority shall for any reason be rendered incapable of fulfilling its obligations under the Indenture;

(f) The Authority (1) is adjudged insolvent by a court of competent jurisdiction, (2) admits in writing its inability to pay its debts generally as they become due, (3) files a petition in bankruptcy, (4) makes an assignment for the benefit of creditors, or (5) consents to the appointment of a receiver of itself or property with respect to the Projects;

(g) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Authority, a receiver of the Authority or of the property with respect to the Projects, and such order, judgment or decree shall not be vacated or set aside or stayed within 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.

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

Notwithstanding 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; 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.

Acceleration, Limitation on Remedies

Upon the occurrence and continuation of an Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Authority, as lessor, has against the Projects and the 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 provided in the Indenture, until paid at the same rate borne by the accelerated Bonds prior to acceleration.

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 the 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 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).

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.

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

Subject to the provisions described in "Acceleration, Limitation on Remedies," upon the occurrence and continuation of an Event of Default under the Indenture, the Authority, upon demand of the Trustee, shall forthwith surrender, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Projects together with the books, papers and accounts of the Authority pertaining thereto, and including the rights and the position of the Authority with respect to the Projects under the Master Lease and to make all needful repairs and improvements as the Trustee shall deem 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 under the Indenture, 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 "Application of Moneys." Whenever all that is due upon the Bonds

shall have been paid and all defaults made, cured or waived, the Trustee shall surrender whatever possession the Trustee shall retain to the Authority; the same right of entry, however, to exist upon any subsequent Event of Default.

While in possession of such property the Trustee shall render annually to the Authority and the District and, at the request and at the expense of any Bondholder, at its address set forth in the registration book, a summarized statement of income and expenditures in connection therewith.

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

Other Remedies; Rights of Bondholders

Except as otherwise limited by the provisions of the Indenture, 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 the provisions set forth in "Right of Bondholders to Direct Proceedings," 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 the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the 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 under the Indenture or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default under the 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 under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Notwithstanding anything contained in the General Indenture 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 Laws" 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. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

Right of Bondholders to Direct Proceedings

The Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture, and such bondholders have provided the Trustee indemnification as it is provided in the Indenture. The Trustee shall have the right to decline to follow any direction of Bondowners that in the sole discretion of the Trustee would be unjustly prejudicial to the Trustee or to Bondowners 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 the 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 in the Indenture, the Trustee shall not be required to foreclose the lien of the Security Documents or bid on behalf of Bondowners 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 (as defined in the Security Documents) 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.

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.

Waivers of Events of Default

The Trustee may, and upon the written direction of the Bondholders of a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default under the 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 on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Application of Moneys

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

- (a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due (with interest on overdue installments of interest, at the same rate as the rate of the respective Bond or Bonds which are past due) and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

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

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

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

- (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 Reserve Instrument Provider under any applicable Reserve Instrument.

Whenever moneys are to be applied pursuant to the provisions of this Section such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Setting aside such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall have no liability whatsoever to the Authority, to any Bondholder, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with the circumstances known at the time of the application by the Trustee. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Bondholder of any Bond until such Bond shall be presented to Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies of Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust of the Indenture or for the appointment of a receiver or any other remedy under the Indenture, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which 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 granted in the Indenture or to institute such action, suit or proceeding in their own name or names, nor unless also they have offered to the Trustee indemnity as provided in the Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are declared by the Indenture 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 under the Indenture; it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal 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 under the Indenture to the respective Bondholders thereof at the time, place, from the source and in the manner in the Bonds expressed.

Opportunity of the Authority and the District to Cure Such Events of Default

No default described under paragraph (c) under the heading "Events of Defaults" shall constitute an Event of Default under the 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.

Supplemental Indentures

The Authority and the Trustee may, 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 of the Indenture 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 to the Indenture in such matter as to permit the qualification of the Indenture 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 under the Indenture;

(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 prejudicial to the interests of the Bondholders or the Trustee and that does not materially adversely affect the rights of any Bondholder. The Trustee may rely on an opinion of counsel as to whether a change is materially prejudicial to the interests of the Bondholders.

Exclusive of supplemental indentures covered above and subject to the terms and provisions contained in this paragraph 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 to the Indenture as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing contained in the Indenture shall permit, or be construed as permitting, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued under the Indenture, or (ii) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental 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 created by the Indenture on any material portion of the Trust Estate, without the prior consent of the Bondholders of 100% of the Bonds affected by such action.

Amendment of Master Lease

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

Except for the amendments, changes or modifications as provided in the preceding paragraph, neither the Authority nor the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and receipt of the written approval or consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time outstanding. If at any time the Authority and the 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 provisions in "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.

Fees, Charges and Expenses of the Trustee

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

THE MASTER LEASE

Term of the Master Lease

The Initial Term of the Master Lease expired on December 31, 2017, and the current term expires on December 31, 2020. The Lease Term may be continued, solely at the option of the District, for additional Renewal Terms each of one year in duration (except that the final Renewal Term shall commence January 1, 2040, and end on February 15, 2040), 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 the 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 17D-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 the Master Lease, for each such Renewal Term, as such Schedule may be revised as provided in the Master Lease.

Termination of Lease Term

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

- (a) the exercise by the District of its option to purchase the Authority's interest in all of the Projects, granted under the provisions of the Master Lease;
- (b) an Event of Default and the election of the Authority or the Trustee to terminate the Master Lease pursuant to the provisions thereof;
- (c) the discharge of the lien of the Indenture;
- (d) the expiration or termination of the Lease Term pursuant to an Event of Nonappropriation or under the conditions provided in the Master Lease; or
- (e) the last day of the Lease Term of the Master Lease, upon payment of all Base Rentals and Additional Rentals required under the Master Lease.

Payment of Base Rentals

(a) The District shall pay Base Rentals exclusively from District Funds. The District shall pay Base Rentals during the Original Term and any Renewal Term in such amounts as shall be sufficient to pay principal and interest falling due on the Bonds during such Original Term or Renewal Term. The Base Rentals shall be payable directly to the Trustee in semiannual payments at the times and manner and in the amounts as specified in the schedule of Base Rental payments in the Master Lease as shall equal the interest payments falling due on the Bonds on the next succeeding Interest Payment Date and the principal payments falling due on the Bonds either by regularly scheduled maturities or by mandatory sinking fund redemption, on the next succeeding principal payment date, such that there shall be on deposit with the Trustee at least

fifteen days prior to each principal and/or interest payment date on the Bonds an amount sufficient to make such payment. The District understands that the Base Rental Payment Schedule in the Master Lease may be revised from time to time based on the redemption of Bonds (other than mandatory sinking fund redemptions) or the issuance of any Additional Bonds or Refunding Bonds allowed under the Indenture. The District agrees by the Master Lease to pay the Base Rentals in accordance with the Base Rental Payment Schedule in the Master Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of certain Bonds or to pay the principal of the Additional Bonds or Refunding Bonds and interest on such Additional Bonds or Refunding Bonds.

In 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 the 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 in the Master Lease to the contrary, no payment of Base Rentals or Additional Rentals shall be required to be paid prior to the Completion Date of any one Project with respect to which such Rentals are being paid.

(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 the Master Lease, and (B) the acquisition and construction of additional portions of the Projects (the "Uncompleted Portion of the Project") financed with one or more Series of Bonds (other than the Series of Bonds described in (A) above) have yet to be completed, and (2) an Event of Default (as defined in the Indenture) occurs under the Indenture due to the failure to complete the Uncompleted Portion of the Project, the District and the Authority by provision of the Master Lease agree, as follows:

(i) The District consents to the provisions of the 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 the 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 and operation by the District and so used, occupied and operated.

(d) The amount of the Base Rentals otherwise payable by the District under the Master Lease 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 the General Indenture 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 in the Master Lease.

(e) The payments of Base Rentals and Additional Rentals under the Master Lease for each Renewal Term during the term of the Master Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the 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 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 the Master Lease and the general public by reason of the Projects.

(f) Notwithstanding the foregoing, the District may not elect to renew the Master Lease in part and in the event it desires to renew the 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 any portion thereof, in proportion to such available portion).

(g) It is understood and agreed by the District that, subject to the terms of the Master Lease and the Indenture, all Base Rentals payable under the Master Lease 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 directs the District, and the District 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 the Master Lease 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 under the Master Lease.

(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 under the Master Lease until construction of the related 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 projects constituting a Project.

Payment of Additional Rentals with Respect to the Projects

In addition to the Base Rentals and as part of the total consideration for the use of the Projects and the option to purchase any or all of the Projects, and commencing upon the execution and delivery of the Master Lease and continuing throughout the period that the 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 provided in the Master Lease:

(a) the annual fee of the Trustee for the ordinary services of the Trustee rendered and their ordinary expenses incurred under the 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 the Master Lease;

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

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

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

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

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

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

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

The Additional Rentals specified in subsections (a), (b), (c), and (k) of this Section 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 in the Master Lease or in the Indenture, the Additional Rentals specified in subsections (d), (e), (f), (g), (h), and (i) of this Section, shall be payable to the Authority or directly to the person or entity with respect to which such costs or fees were incurred and shall be due and payable at such time as the Authority or such person or entity shall require.

Manner of Payment

The Base Rentals, Additional Rentals and, if paid, the Purchase Option Price, shall be paid exclusively from 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 the Master Lease and to perform and observe the other covenants and agreements contained in the Master Lease shall be absolute and unconditional in all events except as expressly provided under the Master Lease. Notwithstanding any dispute between the 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 under the Master Lease. The obligation of the District to pay Base Rentals and Additional Rentals during the Original Term and or any Renewal Term shall be absolute and unconditional in all events, except as expressly provided in the Master

Lease, and payment of the Base Rentals and Additional Rentals shall not be abated through accident or unforeseen circumstances.

Request for Appropriation

During the Lease Term, the 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 the Master Lease) 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, 2021, 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 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 the Master Lease is in effect, items for all payments required for the ensuing Renewal Term under the Master Lease. It is expressed as the intention of the District that the decision to renew or not to renew the term of the Master Lease is to be made solely by the governing body of the District at the time it considers for adoption of the final budget for each of its fiscal years and corresponding Renewal Terms under the Master Lease, and not by any official of the District, acting in his or her individual capacity as such. In this connection, the District 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.

Nonappropriation

In the event sufficient District Funds are not budgeted and appropriated by the District, in a final budget adopted within the time permitted by "Term of the Master Lease" above, 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 in the Master Lease beyond the last day of the Renewal Term preceding such Event of Nonappropriation. Subject to the provisions of the next succeeding sentence, once the District has elected to continue the Master Lease for a Renewal Term by budgeting and appropriating sufficient District Funds for the payment of Base Rentals and Additional Rentals under the Master Lease 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 the 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 under the Master Lease shall terminate. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Projects as trustee for the benefit of the Bondholders of the Bonds and the Trustee shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture, less any moneys then due and owing to the Trustee for services performed as trustee thereunder. All property, funds and rights acquired by the Trustee by reason of an Event of Nonappropriation as provided in the Master Lease shall be held by the Trustee under the 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 other amounts payable under the Indenture are paid and any excess shall thereafter be paid to the District.

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 provided in the Master Lease, all of which construction, shall be made in accordance with the plans and specifications for such Projects as approved by the District.

The Authority agrees to cause all Projects to be constructed with all reasonable dispatch, subject only to delays caused by Force Majeure excepted.

Contractor's Performance and Payment Bonds

Each Contractor retained by the 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.

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 a 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.

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 account within the Construction Fund 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 account within the Construction Fund 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.

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.

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.

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

Subject to the provisions 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 Authority in Investment Obligations (as defined in the Indenture) unless otherwise provided by Supplemental Indenture.

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.

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 the Master

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

Taxes, Other Governmental Charges and Utility Charges

In the event that a Project or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against such Project, an Additional Rental, from and to the extent of 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 under the Master Lease. 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.

Provisions Respecting Insurance

The District agrees to insure or cause to be insured the Projects against loss or damage of the kinds usually insured against by public bodies similarly situated, including, without limitation, policies of casualty and property damage, by means of policies issued by reputable insurance companies duly qualified to do such business in the State with a uniform standard coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at that time in use in the State, in amounts that are not less than full insurable value of the Projects. The term "full insurable value" as used in the Master Lease shall mean the actual replacement value, or at the option of the 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 Project (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.

Public Liability Insurance

The District agrees to carry or cause to be carried public liability insurance with one or more reputable insurance companies in amounts that are typically carried by governmental entities of the same size as the District. 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 shall be deemed to be increased to such higher amounts. If self-insurance is not utilized, the Authority and the Trustee shall be made additional insureds under such policies. The insurance required by this Section may be by blanket insurance policy or policies or self-insurance meeting the following requirements: (i) such program must provide for disbursements therefrom without action (other than a ministerial action) of the governing body of the 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.

Worker's Compensation Coverage

At all times from the date of the Master Lease 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.

Advances

In the event the District shall fail to maintain the full insurance coverage required by the Master Lease or to keep the Projects in good repair and operating condition, the Trustee may 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 Base Rate, the District agrees to pay, from and to the extent of available District Funds.

Failure to Provide Insurance

In the event the Authority is required under the Security Documents to reimburse the Trustee for any insurance policies required by the Master Lease, the 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 prime rate of U.S. Bank National Association. The District shall, upon the Authority's reasonable request, deposit with the Trustee on the first of each month, in monthly installments each in an amount equal to one-twelfth of the estimated aggregate annual insurance premiums on all policies of insurance required by the Master Lease. 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.

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 "Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the District to Repair and Replace the Projects" below, to continue to pay the amounts specified in "Obligation of the District to Repair and Replace the Project," "Payments of Base Rentals" and "Payment of Additional Rentals with Respect to the Projects" regardless of whether said Project or Projects shall have been accepted.

Obligation of the District to Repair and Replace a Project

Subject to the provisions of "Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the District to Repair and Replace the Projects" below, 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 account 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 account or separate trust fund, and has not been the basis of any previous withdrawal and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation; and (v) such other documents and information as the Trustee requires. The balance of any such Net Proceeds remaining after such repair, restoration, modification or improvement has been completed shall be transferred to the Bond Fund to be applied to the payment of the principal of, premium, if any, and interest on the applicable Series of Bonds, or if said Series of Bonds shall have been fully paid (or provision for payment thereof has been made in accordance with the provisions of the 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, 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 "Payment of Base Rentals" and "Payment of Additional Rentals with Respect to the Projects." 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, the Master Lease and the Security Documents, and shall be included under the terms of the Master Lease.

Covenant to Seek Appropriation of Insufficiency of Net Proceeds; Discharge of the Obligation of the 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 "Payment of Base Rentals", the appropriate budget officers of the District shall, within 30 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 "Obligation of the District to Repair and Replace the Project" above may be discharged by depositing the Net Proceeds of the insurance policies, performance bonds or condemnation awards made available by reason of such occurrence into the Bond Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the District shall have no further obligation for the payment of Base Rentals and Additional Rentals under the Master Lease with respect to said Project or Projects, and possession of said Project or Projects as well as all rights created pursuant to the Master Lease and the interest of the 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 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.

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 the Master Lease and the Indenture, free from the security interest afforded by or under the 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 Site or any such easement, license, right of way or other grant or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by the 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 by or under the Master Lease, the Indenture or the Security Documents.

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 (30) 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 the Master Lease during the Lease Term; or

(iii) Upon the discharge of the lien of the Indenture.

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 in the Master Lease, the District by the provisions of the Master Lease agrees to pay such applicable Purchase Option Price (together with the other amounts constituting the purchase price for the Projects as provided in the Master Lease) as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the Bonds or the issuance of Additional Bonds or Refunding Bonds. Nothing in the Master Lease shall be construed to create any obligation of the District to purchase the Projects.

Release of a Project Upon Payment of Related Series of Bonds

In addition to the purchase option set forth above, the District is granted by the Master Lease the option of purchasing a Project in advance of the final maturity of the related Series of Bonds. So long as no Event of Default shall have occurred and be continuing under the Indenture and so long as no Event of Default or Event of Nonappropriation shall have occurred and be continuing under the Master Lease, a Project may be released from the lien created with respect to the Bonds and the Indenture and the 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 the 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 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.

Conveyance on Purchase of Projects

At the closing of any purchase of any or all of the Projects pursuant to the option to purchase granted in the Master Lease, the Authority shall, upon receipt by the Trustee of the applicable Purchase Option Price, or upon the payment by the 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 the 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 Projects to be released as it then exists subject to the following: (i) the right, title and interest of the District in such Project or Projects; (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 the Master Lease; and (iv) Permitted Encumbrances, other than the Indenture, the Master Lease, the Security Documents and any financing statements filed by the Authority pursuant to the Master Lease with respect to the Project or Projects to be released or the Indenture.

Relative Position of Option and Indenture

The purchase option granted to the District in "Conveyance of the Projects" above 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 an Event of Default shall have occurred and be continuing under the Master Lease 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 Project or 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.

Assignment and Subleasing by the District

The 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) the Master Lease and the obligations of the District to make payment of Base Rentals and Additional Rentals under the Master Lease shall at all times during the Lease Term remain obligations of the 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, the 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), will not adversely affect the status of the Bonds; and

(f) receipt by the District of the Trustee's written consent to such sublease.

After an Event of Nonappropriation or an Event of Default and the foreclosure of the security afforded under the 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.

Events of Default Defined

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

- (a) Failure by the District to pay any Base Rentals or Additional Rentals required to be paid under “Payment of Base Rentals” and “Payment of Additional Rentals with Respect to the Projects” above at the time specified therein, in the absence of an Event of Nonappropriation; 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 the Master Lease or any part thereof shall be assigned or transferred without the written consent of the Authority, either voluntarily or by operation of law, except as permitted under the Master Lease; or
- (e) The 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.

The foregoing provisions of this Section 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 “Payment of Base Rentals” and “Payment of Additional Rentals with Respect to the Projects” above shall be subject to the occurrence of an Event of Nonappropriation; and (ii) if, by reason of Force Majeure, the District shall be unable, in whole or in part, to carry out any agreement on its part in the Master Lease contained, other than the obligations on the part of the District contained in the Master Lease, 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.

Remedies on Default

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

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

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

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

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 under the Master Lease shall terminate. Any moneys collected pursuant to action taken as provided in this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Limitations on Remedies

No judgment requiring a payment of money may be entered against the District by reason of an Event of Default under the Master Lease, except as expressly provided therein. In the event the security interest created under the Indenture, the 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.

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 expressly provided in the Master Lease, the Master Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee in accordance with provisions of the Indenture.

THE SECURITY DOCUMENTS

To secure its payment obligations under the Bonds, the Authority has granted to the Trustee an interest in the 2017 Project pursuant to a Deed of Trust, Assignment of Rents and Security Agreement (the “Deed of Trust”), for the equal and proportionate benefit of the Owners of the Bonds. The Deed of Trust is sometimes referred to herein as the “Security Document.” Reference is hereby made to the actual Deed of Trust for a complete recital of its terms. During the period of the offering of the 2020 Bonds, a copy of the Deed of Trust will be available at the office of the District listed in the forepart of this Official Statement. Subsequent to the offering of the 2020 Bonds, copies of the Deed of Trust may be obtained from the Trustee.

The Authority, under the Deed of Trust, has irrevocably warranted, granted, transferred, conveyed and assigned to the Trustee, IN TRUST, WITH POWER OF SALE, all of its right, title, and interest in the 2017 Project, including but not limited to real property, rents, issues, profits, royalties, income, interest in leases or subleases, options to purchase, easements, rights of way, proceeds of insurance or condemnation and tangible personal property in order to provide additional security for the Authority’s payment obligations under the Bonds and the Indenture. The Deed of Trust generally provides for the procedure by which the Trustee can foreclose on and sell the Authority’s interest in the 2017 Project to pay the Authority’s payment obligations under the Bonds and Indenture.

APPENDIX B

**BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF
SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH FOR FISCAL YEAR 2019**

The financial statements for Fiscal Year 2019 is contained herein. Copies of current and prior financial statements are available upon request from the District's contact person as indicated under "INTRODUCTION—Contact Persons" above.

The District's financial statements for Fiscal Year 2020 must be completed under State law by June 30, 2021.

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**SALT LAKE CITY
MOSQUITO ABATEMENT DISTRICT
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2019**

**SALT LAKE CITY
MOSQUITO ABATEMENT DISTRICT
YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Salt Lake City Mosquito Abatement District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Salt Lake City Mosquito Abatement District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Salt Lake City Mosquito Abatement District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Salt Lake City Mosquito Abatement District, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-9 and 37-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2020, on our consideration of Salt Lake City Mosquito Abatement 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 Salt Lake City Mosquito Abatement 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 Salt Lake City Mosquito Abatement District's internal control over financial reporting and compliance.

Child, Richards CPAs & Advisors

Ogden, Utah
May 20, 2020

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

As management of Salt Lake Mosquito Abatement District (SLCMAD), we offer readers of the SLCMAD financial statements this narrative overview and analysis of the financial activities of SLCMAD for the fiscal year ended December 31, 2019.

Financial Highlights

- The assets of SLCMAD exceeded liabilities at the close of the most recent fiscal year by \$9,790,113 (net position). Of this amount \$6,546,790 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, SLCMAD's governmental funds reported combined ending fund balance of \$7,607,966. Approximately 66% of this total amount, \$5,011,945, is available for spending at the government's discretion (unassigned fund balance).
- At the end of 2019, the SLCMAD had \$595,000 in committed fund balance in the Capital Projects Fund. These committed balances are for the following: extra-ordinary control (\$250,000), while budgeting is done in the General Fund that would meet the need of controlling mosquitoes in Salt Lake City during an average year, certain environmental conditions or diseases might require extra aerial spraying to protect the public; vacation, sick leave, and retirement (\$150,000), the SLCMAD's personnel policies provide for a buy-out of unused sick leave, vacation and compensatory time at the time of employment; long-term facility maintenance (\$75,000), this amount is set aside for large maintenance repairs such as replacing roofs, concrete and remodeling on the facilities; emergency equipment/vehicle replacement (\$65,000), this amount could replace up to two vehicles or equipment in the case of a District caused accident; DSLASA hangar project (\$30,000), in 2009 the SLCMAD formed an entity in cooperation with Mosquito Abatement District – Davis (MAD-Davis) called the Davis – Salt Lake Aerial Spray Authority (DSLASA) whose purpose was to build an airport hangar that has state of the art chemical storage capacity at the Ogden Hinckley Airport. This facility was completed in June 2010. DSLASA is funded through equal contributions from both districts. This portion of committed fund balance is in place in case MAD-Davis was unable to pay their portion of an annual payment on the ten-year bond. The last portion of the committed fund balance is for the old site remediation in the amount of \$25,000 to set money aside for potential ongoing costs for chemical cleanup and monitoring.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to SLCMAD's basic financial statements. SLCMAD's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements report functions of SLCMAD that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of SLCMAD consist of mosquito abatement services.

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

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SLCMAD maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund all of which are considered to be major funds.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

SLCMAD adopts an annual budget for both of its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of SLCMAD, assets exceeded liabilities by \$9,790,113 at the close of the most recent fiscal year.

Approximately 33% of SLCMAD's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. SLCMAD uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The balance of unrestricted net position (\$6,546,790) may be used to meet the government's ongoing obligations to citizens and creditors.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

At the end of the current fiscal year, SLCMAD is able to report positive balances in both categories of net position.

Net Position

	Governmental Activities	
	2019	2018
Cash and cash equivalents	\$ 7,653,871	\$ 13,632,412
Current and other assets	166,013	114,380
Investment in DSLASA (a joint venture)	939,468	819,781
Capital assets, net	19,726,911	13,699,822
Total assets	28,486,263	28,266,395
Deferred outflow of resources - pension	262,947	196,219
Total Assets and Deferred Outflows	28,749,210	28,462,614
Other liabilities	826,823	1,457,027
Noncurrent liabilities	18,116,104	18,320,281
Total liabilities	18,942,927	19,777,308
Deferred inflows of resources - pension	16,170	103,275
Total Liabilities and Deferred Inflows	18,959,097	19,880,583
Net position:		
Net investment in capital assets	3,243,323	3,236,582
Unrestricted	6,546,790	5,345,449
Total net position	\$ 9,790,113	\$ 8,582,031

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 18,995	\$ -
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues:		
Property taxes	4,471,234	4,047,891
Unrestricted investment earnings	258,428	357,444
Other revenue	840	7,826
Change in investment in joint venture	119,687	-
Gain on sale of capital assets	-	35,460
	4,869,184	4,448,621
Total revenues		
Expenses:		
Administration department	1,536,203	1,551,047
Shop and equipment maintenance	341,024	266,564
Spraying department	730,575	929,311
Contribution to other governments	402,376	250,507
Interest expense	650,924	540,470
	3,661,102	3,537,899
Total expenses		
Change in net position	1,208,082	910,722
Net position - beginning	8,582,031	7,671,309
Net position - ending	\$ 9,790,113	\$ 8,582,031

Governmental activities. Governmental activities increased Salt Lake City Mosquito Abatement District's net position by \$1,208,082. The prior year had an increase of \$910,722.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Financial Analysis of the Government's Funds

As noted earlier, SLCMAD used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of SLCMAD's *governmental funds* is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SLCMAD's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, SLCMAD's governmental funds reported combined ending fund balances of \$7,607,966. Approximately 66% of this total amount or \$5,011,945 constitutes unassigned, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is non-spendable, committed or assigned to indicate that it is not available for new spending because it has already been committed or assigned for a variety of other restricted purposes or is not in a spendable form.

The general fund is the chief operating fund of SLCMAD. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,462,139.

The fund balance of SLCMAD's general fund increased by \$978,623 during 2019, compared to an increase of \$580,614 in 2018. Key factors in this increase are as follows:

- The amount of revenue from Property tax and Fee-in-lieu increased in 2019 compared to the prior year by \$269,432.
- More money was transferred to Capital Projects, by \$75,879.
- Spraying materials decreased by \$163,838.

General Fund Budgetary Highlights

During the year the District amended its budget to increase revenue by \$164,070, largely to reflect an expected \$116,000 increase in property tax revenue and an increase in interest earnings. The District also increased expenditures by \$90,500, mainly to update equipment and vehicle costs as well as grant and research costs to anticipated amounts.

During the year, there was a \$721,868 favorable variance between the final budgeted and actual expenditures. Following are the main components of this variance:

- Salaries and wages were \$211,622 below the final budget, while associated payroll taxes and benefits were \$92,462 below budget.
- Other variances of the budget included spraying materials, which were \$142,679 below budget, travel and convention at \$12,530 under budget, and shop supplies and equipment, which were \$78,814 below the final budget.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

Capital Assets

SLCMAD's investment in capital assets as of December 31, 2019 amounts to \$19,726,911 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and vehicles. The net increase in SLCMAD's investment in capital assets for the current fiscal year was \$6,027,089.

Major capital asset events during the current fiscal year included the following:

- Construction costs in 2019 for the District's new facilities for the District totaled \$5,567,177. The new facility was completed and put into service on November 12, 2019 at a total cost of \$15,074,072.
- Equipment for the new facility was purchased at a cost of \$367,676.
- Furniture for the new facility was purchased at a cost of \$182,104.
- Three new trucks were purchased at a cost of \$88,188.

**Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2019	2018
Land	\$ 2,436,761	\$ 2,436,761
Construction in progress	-	9,509,394
Buildings	16,384,591	1,425,462
Machinery and equipment	658,449	116,436
Vehicles	247,110	211,769
Total	\$ 19,726,911	\$ 13,699,822

Additional information about SLCMAD's capital assets can be found in Note 3.

Requests for Information

This financial report is designed to provide a general overview of SLCMAD's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager, 2020 North Redwood Road, Salt Lake City, Utah 84116.

**BASIC
FINANCIAL
STATEMENTS**

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2019**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 7,474,230
Restricted cash	179,641
Due from other governments	20,510
Taxes receivable	22,944
Inventories	119,861
Prepaid expenses	2,698
Total Current Assets	7,819,884
Noncurrent Assets:	
Investment in Davis Salt Lake Aerial Spray Authority (a joint venture)	939,468
Capital Assets:	
Land	2,436,761
Capital assets net of accumulated depreciation:	
Buildings	16,384,591
Machinery and equipment	658,449
Vehicles	247,110
Total Capital Assets, Net	19,726,911
Total Assets	28,486,263
Deferred outflows of resources - pensions	262,947
Total Assets and Deferred Outflows	28,749,210
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	176,918
Contingencies	35,000
Accrued interest	261,905
Noncurrent liabilities due within one year	353,000
Total Current Liabilities	826,823
Noncurrent Liabilities:	
Due in more than one year	
Net pension liability	373,166
Noncurrent liabilities due in more than one year	17,602,697
Compensated absences	140,241
Total Noncurrent Liabilities	18,116,104
Total Liabilities	18,942,927
Deferred inflows of resources - pensions	16,170
Total Liabilities and Deferred Inflows	18,959,097
NET POSITION	
Net investment in capital assets	3,243,323
Unrestricted	6,546,790
Total Net Position	\$ 9,790,113

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Functions/Programs	Expenses	Program Revenues			Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Administration department	\$ 1,536,203	\$ -	\$ -	\$ -	\$ (1,536,203)
Shop and equipment maintenance	341,024	-	-	-	(341,024)
Spraying department	730,575	18,995	-	-	(711,580)
Contribution to other government	402,376	-	-	-	(402,376)
Interest expense	650,924	-	-	-	(650,924)
Total Government	\$ 3,661,102	\$ 18,995	\$ -	\$ -	(3,642,107)
General Revenues:					
					4,314,763
					156,471
					258,428
					840
					119,687
					-
					<u>4,850,189</u>
					1,208,082
					<u>8,582,031</u>
					<u>\$ 9,790,113</u>

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,431,675	\$ 3,042,555	\$ -	\$ 7,474,230
Restricted cash	-	-	179,641	179,641
Due from other governments	20,510	-	-	20,510
Taxes receivable	22,944	-	-	22,944
Due from other funds	-	15,908	550,001	565,909
Inventories	119,861	-	-	119,861
Prepaid expenses	2,698	-	-	2,698
TOTAL ASSETS	<u>\$ 4,597,688</u>	<u>\$ 3,058,463</u>	<u>\$ 729,642</u>	<u>\$ 8,385,793</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 12,990	\$ -	\$ 163,928	\$ 176,918
Due to other funds	-	550,001	15,908	565,909
Contingencies	-	35,000	-	35,000
TOTAL LIABILITIES	<u>12,990</u>	<u>585,001</u>	<u>179,836</u>	<u>777,827</u>
FUND BALANCES				
Non-spendable:				
Inventories	119,861	-	-	119,861
Prepaid expenses	2,698	-	-	2,698
Restricted:				
New construction	-	-	-	-
Committed:				
Extra-ordinary control	-	250,000	-	250,000
Vacation, sick leave, retirement	-	150,000	-	150,000
Long-term facility maintenance	-	75,000	-	75,000
Emergency equipment/vehicle replacement	-	65,000	-	65,000
Facility building additions	-	-	-	-
DSLASA hangar project	-	30,000	-	30,000
Old site remediation	-	25,000	-	25,000
Assigned:				
Capital projects	-	1,878,462	-	1,878,462
Unassigned	4,462,139	-	549,806	5,011,945
TOTAL FUND BALANCES	<u>4,584,698</u>	<u>2,473,462</u>	<u>549,806</u>	<u>7,607,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,597,688</u>	<u>\$ 3,058,463</u>	<u>\$ 729,642</u>	<u>\$ 8,385,793</u>

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019**

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

Total fund balances--total governmental funds		\$ 7,607,966
 Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Land	2,436,761	
Buildings, net	16,384,591	
Vehicles, net	247,110	
Machinery and equipment, net	658,449	19,726,911
 The equity interest in the Davis Salt Lake Aerial Spray Authority, a joint venture, is not reported in the funds		
		939,468
 Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements.		
		(16,170)
 Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		
		262,947
 Long-term liabilities, including compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds, but they are reported in the Statement of Net Position.		
Bond payable		(17,000,000)
Unamortized premium		(955,697)
Accrued interest and premium		(261,905)
Net pension liability		(373,166)
Compensated absences		(140,241)
 Net position of governmental activities		 \$ 9,790,113

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 4,314,763	\$ -	\$ -	\$ 4,314,763
RDA taxes	156,471	-	-	156,471
Fee for services provided	18,995	-	-	18,995
Interest	82,562	87,318	88,548	258,428
Other revenues	840	-	-	840
Total Revenues	<u>4,573,631</u>	<u>87,318</u>	<u>88,548</u>	<u>4,749,497</u>
EXPENDITURES				
Current Operating:				
Administration department	1,456,796	-	3,600	1,460,396
Shop and equipment maintenance	138,608	-	-	138,608
Spraying department	730,575	-	-	730,575
Debt Service	-	-	698,412	698,412
Capital outlays	116,653	1,175,965	4,970,216	6,262,834
Total Expenditures	<u>2,442,632</u>	<u>1,175,965</u>	<u>5,672,228</u>	<u>9,290,825</u>
Excess of Revenues Over (Under) Expenditures	<u>2,130,999</u>	<u>(1,088,647)</u>	<u>(5,583,680)</u>	<u>(4,541,328)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	(750,000)	187,898	562,102	-
Bond proceeds	-	-	-	-
Contributions to other governments	(402,376)	-	-	(402,376)
Proceeds from sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,152,376)</u>	<u>187,898</u>	<u>562,102</u>	<u>(402,376)</u>
Net Change in Fund Balances	978,623	(900,749)	(5,021,578)	(4,943,704)
Fund Balance at Beginning of Year	<u>3,606,075</u>	<u>3,374,211</u>	<u>5,571,384</u>	<u>12,551,670</u>
Fund Balance at End of Year	<u>\$ 4,584,698</u>	<u>\$ 2,473,462</u>	<u>\$ 549,806</u>	<u>\$ 7,607,966</u>

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balance, total governmental funds \$ (4,943,704)

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

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital Outlays	6,262,834	
Depreciation Expense	<u>(235,745)</u>	6,027,089

The change in the equity interest in the Davis Salt Lake Aerial Spray Authority does not provide current financial resources and is not reported in the funds. 119,687

Long-term liabilities are not recorded in the governmental funds, but are reported in the statement of net position. These are the changes in these liabilities and are reported in the statement of activities:

Compensated absences in the current period.		(25,907)
Accrued interest		-
Amortization of premium		47,488
Bond proceeds		-

In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. This is the amount that the proceeds from the sale exceeded the gain from the sale of capital assets.

Proceeds from sale of assets	-	
Gain (loss) from sale of assets	<u>-</u>	-

The statement of activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund financial statements. (16,571)

Change in net position of governmental activities \$ 1,208,082

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Salt Lake City Mosquito Abatement District provides mosquito control by a comprehensive program of water management, source reduction, use of mosquito fish, and larviciding and adulticiding in the Salt Lake City area.

A. Reporting Entity

In evaluating how to define the Salt Lake City Mosquito Abatement District (the District) for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit by the reporting entity was made by applying the criteria set forth in GASB- 61 (The Financial Reporting Entity). The basic, but not the only criteria for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other considerations include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is used in evaluating potential component units is the scope of public service, which considers whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The District has one component unit that meets the criteria set forth above. In 2017, the Local Building Authority of Salt Lake City Mosquito Abatement District was created with the purpose of issuing and servicing debt incurred for the acquisition and construction of a new site for the Salt Lake City Mosquito Abatement District. This Authority has been reported as a blended component unit of the District and is reported as a Debt Service Fund in the fund financial statements.

Joint Ventures

During 2008, the District entered into a joint venture with Mosquito Abatement District – Davis (“MAD-D”) through an interlocal cooperation agreement to create the Davis-Salt Lake Aerial Spray Authority (“Authority”), which operates and maintains a hangar and storage facilities for the entities’ respective aerial spray programs. The joint venture is governed by a six member board, with two members from the District and four members from MAD-D. Each board member from the District has one vote, and each board member from MAD-D has one-half vote. Beginning in 2009, each member entity is required to contribute one-half of the annual budget of the Authority for capital activities and to fund its operations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are generally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applications that 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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

B. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for the resources required for major capital improvements of the District.

The *debt service fund* was set up to account for the activity with the Local Building Authority of the Salt Lake City Mosquito Abatement District. This includes all bond service activity and construction expenses for new capital buildings.

The District has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the District has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Reconciliation of Government-wide and Fund Financial Statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and the government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

E. Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the District have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements.

A formal budget has been adopted and used as a control device during the year.

F. Deposits and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

G. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories and Prepaid items

Tools, supplies, and insecticides classified as inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are expensed as used.

Payments made to vendors for goods and services that will benefit periods beyond December 31, 2019 are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements, fixed assets are treated as capital assets. Capital assets include land, buildings, machinery and equipment, and vehicles. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39
Machinery and equipment	5-10
Vehicles	7

J. Equity

Fund financial statements

In February 2009, GASB issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement is effective for years beginning after June 15, 2010. The statement applies only to fund financial statements and not to government-wide statements. The fund balances may be classified as follows:

- a. Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors.
- c. Committed fund balance – Fund balances are reported as committed when the Board formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Board likewise formally changes the use.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Equity (continued)

- d. Assigned fund balance – Fund balances are reported as assigned when the Board or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in a capital project fund are by their nature assigned to the purpose of that respective fund.
- e. Unassigned fund balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spend first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the District’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

K. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used.

Employees can carry-over up to 240 hours of unused vacation from one year to the next. Employees may carry-over up to 960 hours or unused sick leave each year. After accumulation of 240 hours of sick leave, 24 hours of the yearly accrued but unpaid sick leave may be converted to vacation time at the end of the year. Upon termination, one-fourth of accrued sick leave up to 960 hours is paid to the employee. Accordingly, a liability for this amount is included in the government-wide financial statements.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Property Tax Revenues

Property taxes are levied on January 1st based on the assessed value of the property as listed on the previous May 31st. Assessed values are an approximate of market value. An evaluation of all real property must be made every year by the county assessor. Property taxes are delinquent after November 30th. The District's tax rate for 2019 was .000133. The District appropriates the entire amount to mosquito abatement. The statutory maximum set by the state for mosquito abatement is .000400. There is no statutory maximum for the reduction of general obligation bonds.

M. Estimates

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

N. 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.

O. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

P. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item reported under this category. The District participates in the Utah Retirement Systems and has deferred inflows of resources

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as "Cash and Cash Equivalents" which also includes cash accounts that are separately held by some of the District's funds. Deposits are not collateralized nor are they required to be by State statute.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of District funds in a "qualified depository".

The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. As of December 31, 2019, \$149,906 of the District's bank balances of \$352,285 was uninsured and uncollateralized.

Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the District's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. DEPOSITS AND INVESTMENTS (continued)

Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurers’ Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

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, 2019, the District had the following recurring fair value measurements:

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 7,301,586	\$ -	\$ 7,301,586	\$ -
Total debt securities	\$ 7,301,586	\$ -	\$ 7,301,586	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers’ Investment Fund: application of the December 31, 2019 fair value factor, as calculated by the Utah State Treasurer, to the District’s average daily balance in the Fund.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of December 31, 2019, the District's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	7,301,586	7,301,586	-	-	-
	7,301,586	7,301,586	-	-	-

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 reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At December 31, 2019, the District's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	7,301,586	-	-	-	7,301,586
	7,301,586	-	-	-	7,301,586

Concentration of Credit Risk

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 policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. DEPOSITS AND INVESTMENTS (continued)

The District's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Cash on hand and on deposit:	
Cash on deposit	\$ 352,285
Petty cash	-
PTIF investment	<u>7,301,586</u>
Total cash and investments	<u>\$ 7,653,871</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash and cash equivalents	\$ 7,474,230
Restricted cash	<u>179,641</u>
Total cash and investments	<u>\$ 7,653,871</u>

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,436,761	\$ -	\$ -	\$ 2,436,761
Construction in progress	<u>9,509,395</u>	<u>-</u>	<u>(9,509,395)</u>	<u>-</u>
Total capital assets not being depreciated	<u>11,946,156</u>	<u>-</u>	<u>(9,509,395)</u>	<u>2,436,761</u>
Capital assets being depreciated:				
Buildings	2,580,615	15,076,572	-	17,657,187
Machinery and equipment	295,799	593,127	-	888,926
Vehicles	<u>509,258</u>	<u>102,529</u>	<u>-</u>	<u>611,787</u>
Total capital assets being depreciated	<u>3,385,672</u>	<u>15,772,228</u>	<u>-</u>	<u>19,157,900</u>
Less accumulated depreciation for:				
Buildings	(1,155,153)	(117,443)	-	(1,272,596)
Machinery and equipment	(179,363)	(51,114)	-	(230,477)
Vehicles	<u>(297,489)</u>	<u>(67,188)</u>	<u>-</u>	<u>(364,677)</u>
Total accumulated depreciated	<u>(1,632,006)</u>	<u>(235,745)</u>	<u>-</u>	<u>(1,867,750)</u>
Total capital assets being depreciated, net	<u>1,753,666</u>	<u>15,536,483</u>	<u>-</u>	<u>17,290,150</u>
CAPITAL ASSETS, NET	<u>\$13,699,822</u>	<u>\$15,536,483</u>	<u>\$(9,509,395)</u>	<u>\$19,726,911</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Administration department		\$ 67,970
Shop and equipment maintenance		<u>167,775</u>
Total depreciation expense		<u><u>\$ 235,745</u></u>

4. EQUITY INVESTMENT IN JOINT VENTURE

The District accounts for its investment in Davis-Salt Lake Aerial Spray Authority (“Authority”) using the equity method of accounting. Summarized financial information of the Authority as of December 31, 2019 and for the year then ended is as follows:

	<u>Total 2019</u>	<u>District's Interest in:</u>
Total assets	<u>\$ 1,893,812</u>	
Total liabilities	<u>14,876</u>	
Total deferred inflows of resources	-	
Total net position	<u><u>1,878,936</u></u>	\$ 939,468
Revenue	850,890	
Change in net position	239,374	119,687

Financial statements are available at Davis-Salt Lake Aerial Spray Authority, 85 North 600 West, Kaysville, Utah 84037.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. LONG-TERM LIABILITIES

Long-term liabilities for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 114,335	\$ 25,906	\$ -	\$ 140,241	\$ -
Net Pension Liability	202,762	170,404	-	373,166	-
2018 Lease Revenue Bonds	8,500,000	-	-	8,500,000	353,000
2017 Lease Revenue Bonds	8,500,000	-	-	8,500,000	-
Total Long-Term Liabilities	\$ 17,317,097	\$ 196,310	\$ -	\$ 17,513,407	\$ 353,000
Premium on Lease Revenue	1,003,185	-	(47,488)	955,697	-
Total Noncurrent Liabilities	\$ 18,320,282	\$ 196,310	\$ (47,488)	\$ 18,469,104	\$ 353,000

As reported on the statement of net position:

Noncurrent liabilities due within one year	\$ 353,000
Noncurrent liabilities due in more than one year	17,602,697
Net pension liability	373,166
Compensated absences	140,241
	<u>\$ 18,469,104</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. LONG-TERM LIABILITIES (Continued)

Series 2017 Lease Revenue Bonds – On March 8, 2017, the District entered into an agreement authorizing the issuance and confirming the sale of the 2017 Lease Revenue Bonds through the Local Building Authority of Salt Lake City Mosquito Abatement District, in the amount of \$8,500,000. The bonds were issued at a premium in the amount of \$1,088,268. The purpose of the bond issue was fund and defray the costs of land and building acquisition and construction for a new location of the District. As of December 31, 2019, \$8,500,000 has been issued and \$8,500,000 is outstanding. The bonds have a coupon rate of 4.00% through February 15, 2028 at which point the coupon rate is increased to 5.00%. The annual requirement to amortize this debt is as follows:

Year	Principal	Interest	Total
2020	\$ -	\$ 403,700	\$ 403,700
2021	270,000	398,300	668,300
2022	280,000	387,300	667,300
2023	290,000	375,900	665,900
2024	305,000	364,000	669,000
2025	315,000	351,600	666,600
2026	330,000	338,700	668,700
2027	340,000	325,300	665,300
2028	355,000	309,625	664,625
2029	375,000	291,375	666,375
2030	395,000	272,125	667,125
2031	415,000	251,875	666,875
2032	435,000	230,625	665,625
2033	460,000	208,250	668,250
2034	480,000	184,750	664,750
2035	505,000	160,125	665,125
2036	530,000	134,250	664,250
2037	560,000	107,000	667,000
2038	590,000	78,250	668,250
2039	620,000	48,000	668,000
2040	650,000	16,250	666,250
	\$ 8,500,000	\$ 5,237,300	\$ 13,737,300

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. LONG-TERM LIABILITIES (Continued)

Series 2018 Lease Revenue Bonds – On March 29, 2018, the District entered into an agreement authorizing the issuance and confirming the sale of the 2018 Lease Revenue Bonds through the Local Building Authority of Salt Lake City Mosquito Abatement District, in the amount of \$8,500,000. The purpose of the bond issue was to fund and defray the costs of construction for the new location of the District. As of December 31, 2019, \$8,500,000 has been issued and \$8,500,000 is outstanding. The bonds have a coupon rate of 1.00% through February 15, 2021 at which point the coupon rate increases incrementally each year. The annual coupon rates and requirement to amortize this debt are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	1.000%	\$ 353,000	\$ 292,947	\$ 645,947
2021	1.200%	357,000	289,040	646,040
2022	1.400%	362,000	284,364	646,364
2023	1.600%	368,000	278,886	646,886
2024	1.800%	374,000	272,576	646,576
2025	2.000%	381,000	265,400	646,400
2026	2.250%	389,000	257,214	646,214
2027	2.500%	399,000	247,850	646,850
2028	2.750%	409,000	237,239	646,239
2029	3.250%	422,000	224,758	646,758
2030	3.500%	436,000	210,270	646,270
2031	3.750%	452,000	194,165	646,165
2032	4.000%	470,000	176,290	646,290
2033	4.250%	490,000	156,478	646,478
2034	4.600%	512,000	134,289	646,289
2035	4.850%	537,000	109,491	646,491
2036	5.150%	565,000	81,920	646,920
2037	5.350%	595,000	51,455	646,455
2038	5.650%	629,000	17,769	646,769
		<u>\$ 8,500,000</u>	<u>\$ 3,782,401</u>	<u>\$12,282,401</u>

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS

General Information about the Pension Plan

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory 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.

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 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.

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS (continued)

Benefits Provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

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%
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%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for 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.

Contributions:

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 URS 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, 2019 are as follows:

Utah Retirement Systems

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
111 - Local Government div - Tier 2	N/A	15.66%	1.03%
Noncontributory System			
15 - Local Government Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS (continued)

For fiscal year ended December 31, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 66,439	N/A
Tier 2 Public Employees System	43,865	-
Tier 2 DC Only System	1,572	N/A
Total Contributions	\$ 111,876	\$ -

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 of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, we reported a net pension asset of \$0 and a net pension liability of \$373,166.

	(Measurement Date): December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 363,484	0.0493614%	0.0458354%	0.0035260%
Tier 2 Public Employees System	-	9,682	0.0226058%	0.0220370%	0.0005688%
	\$ -	\$ 373,166			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognized pension expense of \$128,446. At December 31, 2019, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,743	\$ 8,780
Changes in assumptions	51,120	174
Net difference between projected and actual earnings on pension plan investments	78,790	-
Changes in proportion and differences between contributions and proportionate share of contributions	16,418	7,216
Contributions subsequent to the measurement date	111,876	-
Total	\$ 262,947	\$ 16,170

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS (continued)

\$111,876 reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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
2019	\$ 56,986
2020	24,768
2021	13,510
2022	37,397
2023	307
Thereafter	\$ 1,932

Actuarial assumptions:

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year ending December 31, 2016.

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS (continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate:

The discount rate used to measure the total pension liability was 6.95 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. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System Tier 2 Public Employees System	\$ 744,945	\$ 363,484	\$ 45,827
Total	\$ 38,786	\$ 9,682	\$ (12,780)
	\$ 783,731	\$ 373,166	\$ 33,047

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

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. EMPLOYEE RETIREMENT PLANS (continued)

Defined Contributions 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.

Salt Lake City Mosquito Abatement District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- Roth 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	2019	2018	2017
Employer Contributions	\$ 38,648	\$ 35,413	\$ 31,720
Employee Contributions	22,043	25,343	24,790
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	21,024	11,930	9,545

7. COMMITTED FUND BALANCE

The board has elected to commit part of the Capital Projects Fund Balance to the following items:

Extra-ordinary control	\$ 250,000
Vacation, sick leave, retirement	150,000
Long-term facility maintenance	75,000
Emergency equipment/vehicle replacement	65,000
Facility building additions	-
DSLASA Hangar project	30,000
Old site remediation	25,000
	\$ 595,000

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

8. CONTINGENT LIABILITY

The District is currently involved in environmental issues with respect to contaminants found on the old building site. During 1998, the District entered into a Stipulation and Consent Agreement with the Utah Solid and Hazardous Waste Control Board. The District will be financially responsible for all corrective action costs and for all costs related to environmental monitoring, inspecting, maintaining, and repairing any remedial systems, monitoring components, and corrective structures until project closure. Project closure shall be thirty years after closure certification. The District has engaged a consultant for providing environmental investigation and remediation consulting services. The District has established an accrued liability at December 31, 2019 amounting to \$35,000 to cover the costs.

9. RISK MANAGEMENT - CLAIMS AND JUDGEMENTS

Salt Lake City Mosquito Abatement District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonable foreseeable liability risks. Specific liability policies purchased include automobile, general liability, personal injury protection, underinsured and uninsured motorist. As of December 31, 2019, there is no anticipation of unpaid claims. Therefore, a liability is not accrued. Settlement amounts have not exceeded coverage for the current year or the three prior years.

A list of insurance policies in force at December 31, 2019 is as follows:

<u>Coverage</u>	<u>Policy Limits</u>	<u>Insurer</u>	<u>Expiration Date</u>
General Liability	5,000,000	ULGT	Continuous until cancelled
Auto Bodily Injury	5,000,000	ULGT	Continuous until cancelled
Auto Property Damage	5,000,000	ULGT	Continuous until cancelled
Personal Injury Protection	Meets State Requirements	ULGT	Continuous until cancelled
Underinsured Motorist	100,000	ULGT	Continuous until cancelled
Uninsured Motorist	100,000	ULGT	Continuous until cancelled
Crime Coverage	5,000,000	ULGT	Continuous until cancelled

REQUIRED SUPPLEMENTARY INFORMATION

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 3,808,270	\$ 3,924,270	\$ 4,314,763	\$ 390,493
RDA Salt Lake taxes	154,430	156,500	156,471	(29)
Fees for services provided	-	-	18,995	18,995
Interest	55,000	86,000	82,562	(3,438)
Miscellaneous	5,000	20,000	840	(19,160)
Total Revenues	4,022,700	4,186,770	4,573,631	386,861
Expenditures:				
Current:				
Administration department:				
Salaries and wages	1,100,000	1,100,000	888,378	211,622
Payroll taxes and benefits	460,500	460,500	368,038	92,462
Travel and convention	75,000	75,000	62,470	12,530
Office supplies	56,500	61,500	49,997	11,503
Professional fees	21,000	16,000	12,385	3,615
Insurance	66,000	61,000	46,978	14,022
Board meetings	4,000	3,000	1,848	1,152
Education	6,000	3,000	1,505	1,495
Miscellaneous	45,000	42,000	25,197	16,803
Shop and equipment maintenance:				
Equipment maintenance and repairs	18,000	18,000	12,556	5,444
Gasoline, fuels, and oils	20,000	20,000	16,655	3,345
Shop supplies and equipment	173,000	223,000	144,186	78,814
Building maintenance and repairs	25,000	20,000	10,277	9,723
Utilities	32,500	57,000	33,584	23,416
Miscellaneous	29,000	77,500	38,003	39,497
Spraying department:				
Spraying materials	672,500	673,000	530,321	142,679
Contracted airplane spraying	220,000	220,000	169,254	50,746
Davis - Salt Lake Aerial Spray Authority	50,000	34,000	31,000	3,000
Total Expenditures	3,074,000	3,164,500	2,442,632	721,868
Other financing sources (uses):				
Unappropriated fund balance	150,000	580,614	-	(580,614)
Contribution to other governments	(300,000)	(405,000)	(402,376)	2,624
Transfers in/(out)	(663,700)	(750,000)	(750,000)	-
Proceeds from sale of assets	15,000	15,000	-	(15,000)
Total other financing sources (uses)	(798,700)	(559,386)	(1,152,376)	(592,990)
Excess (Deficiency) of Revenues over Expenditures	150,000	462,884	978,623	515,739
Fund Balance - January 1	3,606,075	3,606,075	3,606,075	-
Fund Balance - December 31	\$ 3,756,075	\$ 4,068,959	\$ 4,584,698	\$ 515,739

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

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2019
Last 10 fiscal years*

		<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)	2019	0.0493614%	0.0226058%
	2018	0.0458354%	0.0220370%
	2017	0.0470937%	0.0194801%
	2016	0.0496959%	0.0171819%
	2015	0.0464284%	0.0068376%
Proportionate share of the net pension liability (asset)	2019 \$	363,484	\$ 9,682
	2018 \$	200,819	\$ 1,943
	2017 \$	302,399	\$ 2,173
	2016 \$	281,204	\$ (38)
	2015 \$	201,603	\$ (207)
Covered payroll	2019 \$	373,383	\$ 263,765
	2018 \$	348,198	\$ 215,787
	2017 \$	378,099	\$ 159,753
	2016 \$	402,938	\$ 110,898
	2015 \$	395,683	\$ 33,865
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	97.35%	3.67%
	2018	57.67%	0.90%
	2017	79.98%	1.36%
	2016	69.79%	-3.00%
	2015	51.00%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	2019	87.0%	90.8%
	2018	91.9%	97.4%
	2017	87.3%	95.1%
	2016	87.8%	100.2%
	2015	90.2%	103.5%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the years 2015, 2016, 2017, 2018, and 2019.

See accompanying notes to required supplementary information

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2019
Last 10 fiscal years***

	As of fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered payroll
Noncontributory System	2014	\$ 70,734	\$ 70,734	\$ -	\$ 395,683	17.88%
	2015	74,423	74,426	-	402,938	18.47%
	2016	69,835	69,835	-	378,099	18.47%
	2017	64,312	64,312	-	348,198	18.47%
	2018	68,964	68,964	-	373,383	18.47%
	2019	66,439	66,439	-	359,712	18.47%
Tier 2 Public Employees System	2014	\$ 5,060	\$ 5,060	\$ -	\$ 33,865	14.94%
	2015	16,566	16,566	-	110,998	14.92%
	2016	23,819	23,819	-	159,753	14.91%
	2017	32,394	32,394	-	215,787	15.01%
	2018	40,466	40,466	-	263,765	15.34%
	2019	43,865	43,865	-	281,230	15.60%
Tier 2 Public Employees DC Only System*	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	1,572	1,572	-	23,498	6.69%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 System.

Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions of RSI. Contributions as a percentage of covered-payroll may be different than board certified rated due to rounding and other administrative issues.

See accompanying notes to required supplementary information

**SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
DECEMBER 31, 2019**

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

AUDITORS' REPORTS



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

To the Board of Trustees of
Salt Lake City Mosquito Abatement District

Report On Compliance

We have audited Salt Lake City Mosquito Abatement District’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Salt Lake City Mosquito Abatement District for the year ended December 31, 2019.

State compliance requirements were tested for the year ended December 31, 2019 in the following areas:

- | | |
|-------------------------|------------------------------|
| Budgetary Compliance | Fund Balance |
| Utah Retirement Systems | Cash Management |
| Public Treasurer’s Bond | Open and Public Meetings Act |

Management’s Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor’s Responsibility

Our responsibility is to express an opinion on Salt Lake City Mosquito Abatement District’s compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about Salt Lake City Mosquito Abatement District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Salt Lake City Mosquito Abatement District’s compliance with those requirements.

Opinion on Compliance

In our opinion, Salt Lake City Mosquito Abatement District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures did not identify instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report On Internal Control Over Compliance

Management of Salt Lake City Mosquito Abatement District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Salt Lake City Mosquito Abatement District 's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Salt Lake City Mosquito Abatement District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or 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 state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Child, Richards CPAs & Advisors

Ogden, Utah
May 20, 2020



**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 Board of Trustees of
Salt Lake City Mosquito Abatement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Salt Lake City Mosquito Abatement District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Salt Lake City Mosquito Abatement District’s basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Salt Lake City Mosquito Abatement 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 Salt Lake City Mosquito Abatement District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Salt Lake City Mosquito Abatement 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Salt Lake City Mosquito Abatement 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Child, Richards CPAs & Advisors

Ogden, Utah
May 20, 2020

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon the delivery of the 2020 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Authority, proposes to issue its final approving opinion in substantially the following form:

We have acted as bond counsel for the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah (the "Authority") in connection with the issuance by the Authority of its \$ _____ Lease Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to (i) the Local Building Authority Act, Title 17D, Chapter 2, Utah Code Annotated, 1953, as amended, the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended, and other provisions of Utah law (collectively, the "Act"); (ii) a resolution of the governing body of the Authority adopted on April 23, 2020, and a resolution of the Board of Trustees of the Salt Lake City Mosquito Abatement District, Utah (the "District") adopted on April 23, 2020; and (iii) a General Indenture of Trust, dated as of March 1, 2017, as heretofore amended and supplemented and as further supplemented by the Third Supplemental Indenture of Trust, dated as of June 1, 2020 (collectively, the "Indenture"), each by and between the Authority and U.S. Bank National Association, as trustee. The Series 2020 Bonds are being issued for the purpose of (a) refunding the Authority's outstanding Lease Revenue Bonds, Series 2018 which were previously issued to finance a portion of the Series 2017 Project (as defined in the Indenture) and (b) paying costs of issuance of the Series 2020 Bonds.

The Series 2017 Project has been leased by the Authority to the District on an annually renewable basis and with an option to purchase, exercisable by the District, subject to the terms of a Master Lease Agreement dated as of March 1, 2017, as heretofore amended and supplemented and as further amended and supplemented by a Second Amendment to Master Lease Agreement dated as of June 1, 2020 (collectively, the "Lease") between the Authority 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 2020 Bonds and income from the investment thereof, the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any, the Series 2020 Bonds are payable solely from, and are secured by a pledge of, rentals derived by the Authority under the Lease. The Indenture provides that the Series 2020 Bonds and the interest thereon (i) are not general obligations, but are special, limited obligations of the Authority, (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 Authority on its behalf, has pledged the credit of the District to the payment of the Series 2020 Bonds or the interest thereon or rentals under the Lease.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Indenture has been authorized, executed and delivered by the Authority and constitutes a valid and binding obligation, enforceable against the Authority.
2. The Lease has been authorized, executed and delivered by the District and the Authority, and constitutes a valid and binding obligation, enforceable against the District and the Authority.
3. The Series 2020 Bonds have been authorized by the Authority, executed and delivered by authorized officials of the Authority and are valid and binding special, limited obligations of the Authority, and the Series 2020 Bonds do not constitute a general obligation indebtedness of the Authority or the District within the meaning of any State of Utah constitutional provision or statutory limitation, or a charge against the general credit of the Authority or the District.

4. Interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes and 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 Authority and the District comply with all requirements of the Internal Revenue Code of 1986 (the “Code”), as amended, that must be satisfied subsequent to the issuance of the Series 2020 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 of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds.

5. Interest on the Series 2020 Bonds is exempt from State of Utah individual income taxes.

6. The Series 2020 Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Code and therefore the interest expense of a financial institution will not be subject to allocation to the interest on the Series 2020 Bonds under Section 265(b) of the Code (but the interest on the Series 2020 Bonds will be subject to treatment as a financial institution preference item under Section 291 of the Code).

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Series 2020 Bonds.

The rights of the holders of the Series 2020 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the Salt Lake City Mosquito Abatement District, Utah (the “District”), in connection with the issuance by the Local Building Authority of Salt Lake City Mosquito Abatement District, Utah (the “Authority”) of its \$ _____ Lease Revenue Refunding Bonds, Series 2020 (the “Series 2020 Bonds”). The Series 2020 Bonds are being issued pursuant to a General Indenture of Trust, dated as of March 1, 2017, as heretofore amended and supplemented and as further supplemented by the Third Supplemental Indenture of Trust, dated as of June 1, 2020 (collectively, the “Indenture”), each by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

The District hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined rule and the only “obligated person” with respect to the Series 2020 Bonds.

In connection with the aforementioned transactions, 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 2020 Bonds and in order to assist the Participating Underwriter in complying with the Rule (each as defined below).

Section 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means 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 has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2020 Bonds (including persons holding Series 2020 Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean, initially, the District, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

“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 DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and 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 Authority and the District dated _____, 2020, relating to the Series 2020 Bonds.

“Participating Underwriter” shall mean the original underwriter of the Series 2020 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 Reports.

(a) The District shall prepare an Annual Report and shall, or shall cause the Dissemination Agent to, on or before July 31 following the end of each fiscal year of the District (presently December 31), commencing with the fiscal year ending December 31, 2020, provide to the MSRB in an electronic format, the Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than fifteen (15) business days prior to said date, the District shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by 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, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for Listed Events under Section 5(f).

(b) If by fifteen (15) Business Days prior to the date specified in Section 3(a) for providing the Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report has been provided to the MSRB by the dates required in Section 3(a), the Dissemination Agent shall, in a timely manner, send a notice of a failure to file the Annual Report to the MSRB in an electronic format.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report, the website address to which the MSRB directs the Annual Report to be submitted; and

(ii) if the Dissemination Agent is other than an officer of 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. The Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accounts. If the District's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided within 30 days after availability to the District.

(b) An update of the financial and operating information of the type contained in the Official Statement *in the tables* under the captions, but only as the same is both historical and available:

“LOCAL BUILDING AUTHORITY OF SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Debt Issuance,” “FINANCIAL INFORMATION REGARDING SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT, UTAH—Five-Year Financial Summaries,” “—Certain Property Tax Matters—Historical Property Tax Rates of the District,” “—Taxable and Fair Market/Market Value of Property in the District,” “—Historical Summaries of Taxable Values of Property,” “—Tax Collection Record of the District” and “—Some of the Largest Property Tax Taxpayers within the District.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District, as appropriate, shall clearly identify each such other document so incorporated by the 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 2020 Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Bonds or other material events affecting the tax status of the Series 2020 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, 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 2020 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2020 Bonds;
- (v) Series 2020 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2020 Bonds; or
- (vii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 legal defeasance, prior redemption or payment in full of all of the Series 2020 Bonds. If such termination occurs prior to the final maturity of the Series 2020 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

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. If at any time there is not any other designated Dissemination Agent, the District shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the District may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2020 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Series 2020 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2020 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the District shall describe such amendment in the next Annual Report of the District, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the 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 Disclosure 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 Bondholder or Beneficial Owner of the Series 2020 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 in the event of any failure of the District or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the 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 gross 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 2020 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Date: _____, 2020.

SALT LAKE CITY MOSQUITO ABATEMENT DISTRICT,
UTAH

By: _____
Chair

ATTEST:

By: _____
District Manager

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APPENDIX E

BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com>.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 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 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 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 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 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 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 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 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC

mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2020 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, 2020 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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