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Date: 06-JUL-2017 2:52:31PM
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KERI PALLESEN, Recorder
DAGGETT COUNTY
For: DAGGETT COUNTY

DAGGETT COUNTY, UTAH
BOARD OF COUNTY COMMISSIONERS
July 5, 2017

RESOLUTION NO. 17-11

A RESOLUTION COVENANTING TO NOT IMPAIR THE MINERAL LEASE REVENUES OF THE FLAMING GORGE ROAD AND TRANSPORTATION SPECIAL SERVICE DISTRICT SO AS TO NEGATIVELY IMPACT SAID DISTRICT'S ABILITY TO REPAY ITS OUTSTANDING BONDS, INCLUDING ITS \$1,655,000 MINERAL LEASE REVENUE BONDS, SERIES 2017; AND RELATED MATTERS.

WHEREAS, Daggett County, Utah (the "County"), is a political subdivision and body politic duly and regularly created, established, organized, and existing under and by virtue of the Constitution and laws of the State of Utah; and

WHEREAS, the County has previously authorized and directed the creation of the Flaming Gorge Road and Transportation Special Service District, Daggett County, Utah (the "District") pursuant to the provisions of a resolution (the "Creating Resolution"); and

WHEREAS, pursuant to the direction of the Board of County Commissioners (the "County Commissioners") contained in the Creating Resolution, the District has been duly and regularly created, established, and is organized and existing under and by virtue of the provisions of the Constitution and laws of the State of Utah, including, in particular, the provisions of the Utah Special Service District Act, Title 17D, Chapter 1, Utah Code Annotated 1953, as amended (the "Act"); and

WHEREAS, under the Creating Resolution, the objects and purposes for which the District has been founded and incorporated are to acquire, improve or extend one or more projects and to finance their costs in accordance with the procedures and subject to the limitations of the Act and the Utah Local Government Bonding Act, Title 11, Chapter 14 Utah Code Annotated 1953, as amended, in order to accomplish the public purpose for which the District exists; and

WHEREAS, the District desires to finance, in part, road and transportation improvements in Daggett County and related improvements (the "Project"); and

WHEREAS, the District does not have the funds on hand to pay the cost of financing the Project; and

WHEREAS, the Utah Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, provides that the Administrative Control Board of the District may issue non-voted revenue bonds payable solely from certain federal mineral lease payments which are to be distributed to special service districts, including the District, in accordance with state law; and

WHEREAS, the District has previously issued its Mineral Lease Revenue Bonds, Series 2008A (the "Series 2008A Bonds") and its Mineral Lease Revenue Bonds, Series 2008B (the "Series 2008B Bonds" and collectively with the Series 2008A Bonds, the "Series 2008 Bonds"), which remain outstanding; and

WHEREAS, based upon the information available to the District, the federal mineral lease payments to be distributed to the District will produce sufficient Revenues (as defined in the District's Bond Resolution) to pay the debt service on its outstanding Series 2008 Bonds and its proposed \$1,655,000 Mineral Lease Revenue Bonds, Series 2017 (the "Series 2017 Bonds"); and

WHEREAS, the average annual installments of principal and interest on the Series 2017 Bonds and all bonds issued on a parity therewith, including the Series 2008 Bonds, shall not at any one time exceed 80% of the Revenues received by the District during the fiscal year immediately preceding the fiscal year in which the Series 2017 Bonds are authorized and issued; and

WHEREAS, as mineral lease revenue bonds, the Series 2017 Bonds must be repaid within 15 years of their date of issuance.

WHEREAS, the County has previously committed to allocate to the District a portion of the mineral lease revenues which special service districts in the County receive; and

WHEREAS, the State of Utah has covenanted that it will not take actions that will limit or impair the Revenues pledged to repay mineral lease revenue bonds of special service districts; and

WHEREAS, the purchaser of the Series 2017 Bonds desires that the County, like the State of Utah, covenant that the County will not take actions that will limit or impair the Revenues of the District pledged to repay the Series 2017 Bonds; and

WHEREAS, the County acknowledges that such a covenant is desirable to enable the District to market bonds and exercise the powers granted to the District:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF DAGGETT COUNTY, UTAH AS FOLLOWS:

Section 1. All action heretofore taken (not inconsistent with the provisions of this Resolution, or the Creating Resolution) by the County Commissioners and by the officers of the County directed toward the creation and establishment of the District and the financing of the Project by the District are hereby ratified, approved and confirmed.

Section 2. In accordance with Section 11-14-308(4), Utah Code Annotated 1953, as amended, Daggett County acknowledges that the State of Utah pledges and agrees with the owners of the Series 2017 Bonds that it will not alter, impair or limit the Revenues in a manner that reduces the amounts to be distributed to the District

which are devoted or pledged therefore until the Series 2017 Bonds, together with applicable interest, if any, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the holders of the Series 2017 Bonds. In addition, the foregoing pledge and agreement of the State of Utah with respect to the Revenues shall not be construed (a) as a pledge guaranteeing the actual dollar amount ultimately received by the District; (b) to require the Utah Department of Transportation to allocate mineral lease payments in a manner contrary to the method prescribed by law; or (c) to limit the Utah Department of Transportation in making rules or procedures allocating mineral lease payments pursuant to Section 59-21-2(2)(h) Utah Code Annotated 1953, as amended.

Section 3. Similar to the pledge of the State of Utah as set forth in Section 2 above, the Board of County Commissioners of Daggett County, Utah hereby pledges and agrees with the owners of the Series 2017 Bonds that it will not alter, impair or limit the Revenues in a manner that reduces the amounts to be distributed to the District which are devoted or pledged therefore until the Series 2017 Bonds, together with applicable interest, if any, are fully met and discharged; provided, however, that nothing shall preclude such alteration, impairment or limitation if and when adequate provision shall be made by law for the protection of the holders of the Series 2017 Bond. In addition, the foregoing pledge and agreement of Daggett County, Utah with respect to the Revenues shall not be construed (a) as a pledge guaranteeing the actual dollar amount ultimately received by the District; (b) to require the Utah Department of Transportation or Daggett County, Utah to allocate mineral lease payments in a manner contrary to the method prescribed by law; or (c) to limit the Utah Department of Transportation in making rules or procedures allocating mineral lease payments pursuant to Section 59-21-2(2)(h) Utah Code Annotated 1953, as amended or to limit the County in making rules and procedures allocating mineral lease payments, so long as the Revenues pledged to secure the Series 2017 Bonds are not impaired or limited.

Section 4. The covenant in Section 3 above shall be irrevocable so long as the Series 2017 Bonds of the District are outstanding and are secured by mineral lease revenues.

Section 5. Upon their issuance, the Series 2017 Bonds will constitute special limited obligations of the District payable solely from the Revenues (as defined in the District's Bond Resolution). No provision of this Resolution or any resolution of the District, or the Series 2017 Bonds or any other instrument, shall be construed as creating a general obligation of the District or of creating a general obligation of the County or as incurring or creating a charge upon the general credit of the County or against the taxing powers of the County. The County shall have no power to pay out of its funds, revenues, or accounts, or otherwise contribute any part of the cost of making any payment with respect to the Series 2017 Bonds.

Section 6. If any provisions of this Resolution (including the exhibits attached hereto) are held invalid, the invalidity of such provisions shall not affect any of the other provisions of this Resolution or the Exhibits.

Section 7. All regulations, orders and resolutions of the County or parts thereof inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any regulation, order, resolution or ordinance or part thereof.

Section 8. The County Clerk/Treasurer is directed to complete the attached Record of Proceedings.

Section 9. This Resolution shall become effective immediately upon adoption by the County Commissioners.

ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF DAGGETT COUNTY, UTAH THIS July 5, 2017.

<s> Jack Lytle
Chair

ATTEST AND COUNTERSIGN:

<s> Brian Raymond
County Clerk/Treasurer

(S E A L)

RECORD OF PROCEEDINGS

The County Commissioners met in public session at their regular meeting place at 95 N. 100 W, Manila, Utah, on July 5, 2017 (the "Meeting"), at the hour of 9:00 a.m., with the following persons being present:

Jack Lytle	Chair/Commissioner
Randy Asay	Commissioner
Clyde Slaugh	Commissioner

Also present:

Brian Raymond	County Clerk/Treasurer
Keri Pallesen	County Auditor/Recorder

Absent:

which constituted all the members thereof.

After the Meeting had been duly called to order and after other matters were discussed, the foregoing resolution (the "Resolution") was introduced in written form and fully discussed.

A motion to adopt the Resolution was then duly made by Commissioner Randy Asay and seconded by Commissioner Clyde Slaugh, and the Resolution was put to a vote and carried, the vote being as follows:

Those voting YEA: Jack Lytle
 Clyde Slaugh
 Randy Asay

Those voting NAY:

Those Abstaining:

Other business not pertinent to the Resolution appears in the minutes of the Meeting. Upon the conclusion of all business on the Agenda and motion duly made and carried, the Meeting was adjourned.