

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 14, 2026

NEW ISSUE — Issued in Book-Entry Form Only

Ratings: Moody's "Aa2"

See "BOND RATINGS" herein.

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds. See "TAX EXEMPTION" herein for a more complete discussion.

\$40,000,000*

LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH

LEASE REVENUE BONDS

SERIES 2026

payable from annually renewable lease payments to be made by

AMERICAN FORK CITY, UTAH

Dated: Date of Issuance¹

Due: May 1, as shown below

The Series 2026 Bonds are issuable as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") which will act as securities depository for the Series 2026 Bonds. Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Beneficial owners of the Series 2026 Bonds will not receive physical delivery of bond certificates evidencing their ownership interests in the Series 2026 Bonds so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds.

Interest on the Series 2026 Bonds is payable on each May 1 and November 1, commencing November 1, 2026. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, payments of the principal or redemption price of and interest on the Series 2026 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants.

The Series 2026 Bonds are subject to optional redemption and extraordinary optional redemption prior to maturity. See "THE SERIES 2026 BONDS — Redemption".

The Series 2026 Bonds are being issued to finance the acquisition and construction of improvements to and expansion of a public works facility for the City (the "Project"). The Local Building Authority of American Fork City, Utah (the "Issuer") will lease the Project to American Fork City, Utah (the "City") pursuant to a Master Lease Agreement, dated as of February 1, 2026 (the "Lease").

The Series 2026 Bonds are issued and are equally and ratably secured under the Indenture on a parity with any Additional Bonds hereafter issued pursuant to the Indenture (collectively, the "Bonds"). The Issuer has mortgaged, pledged and assigned to the Trustee all of the Issuer's right, title and interest in and to the Project and the Lease, including the right to receive the Base Rentals, as security for the payment of the principal of, and premium (if any) and interest on, the Series 2026 Bonds pursuant to a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement. **THE SERIES 2026 BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS RECEIVED PURSUANT TO THE LEASE, WHICH ARE PRODUCED FROM ANNUAL APPROPRIATIONS (IF ANY) BY THE CITY AND OTHER FUNDS OR AMOUNTS HELD BY THE TRUSTEE AS SECURITY FOR THE SERIES 2026 BONDS.** See "SECURITY FOR THE SERIES 2026 BONDS" herein.

Under the Lease, the City has agreed to pay Base Rentals in amounts and at times that are sufficient to pay the principal of and interest on the Series 2026 Bonds coming due in each fiscal year, but only if and to the extent that the City Council (the "City Council") annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term of the Lease plus such Additional Rentals as are necessary to operate and maintain the Project during such period. The Lease specifically provides that nothing therein shall be construed to require the City Council to appropriate any moneys to pay the Base Rentals or Additional Rentals (collectively, the "Rentals") thereunder and the City shall not be obligated to pay the Rentals except to the extent appropriated. **THE OBLIGATION OF THE CITY TO PAY ANY RENTALS IS SUBJECT TO ANNUAL APPROPRIATIONS BY THE CITY COUNCIL AS PROVIDED IN THE LEASE. NEITHER THE OBLIGATION OF THE CITY TO PAY SUCH RENTALS NOR THE OBLIGATION OF THE ISSUER TO PAY THE SERIES 2026 BONDS WILL CONSTITUTE A DEBT OF THE STATE OF UTAH, THE CITY OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH. THE ISSUANCE OF THE SERIES 2026 BONDS DOES NOT DIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE CITY'S THEN CURRENT FISCAL YEAR. THE ISSUER HAS NO TAXING POWER.** See "BONDOWNERS' RISKS" herein.

The Bonds will be awarded pursuant to competitive bidding to be held via the PARITY[®] electronic bid submission system on January 22, 2026, as set forth in the Official Notice of Bond Sale (dated January 14, 2026).

Stifel, Nicolaus & Company, Incorporated, 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 _____, 2026, and the information speaks only as of that date.

* Preliminary; subject to change.

¹ The anticipated date of issuance is February 4, 2026.

\$40,000,000*
LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH
LEASE REVENUE BONDS
SERIES 2026

payable from annually renewable lease payments to be made by

AMERICAN FORK CITY, UTAH

<u>DUE</u> <u>MAY 1</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>	<u>INTEREST</u> <u>RATE</u>	<u>YIELD</u>	<u>CUSIP</u>
2027	\$ 205,000			
2028	660,000			
2029	695,000			
2030	730,000			
2031	765,000			
2032	800,000			
2033	840,000			
2034	885,000			
2035	930,000			
2036	975,000			
2037	1,025,000			
2038	1,075,000			
2039	1,130,000			
2040	1,185,000			
2041	1,245,000			
2042	1,305,000			
2043	1,370,000			
2044	1,425,000			
2045	1,485,000			
2046	1,545,000			
2047	1,605,000			
2048	1,675,000			
2049	1,755,000			
2050	1,830,000			
2051	1,915,000			
2052	2,000,000			
2053	2,090,000			
2054	2,185,000			
2055	2,285,000			
2056	2,385,000			

* Preliminary; subject to change.

**LOCAL BUILDING AUTHORITY OF
AMERICAN FORK CITY, UTAH
LEASE REVENUE BONDS
SERIES 2026**

**AMERICAN FORK CITY
51 EAST MAIN STREET
AMERICAN FORK CITY, UTAH 84003**

**CITY COUNCIL AND BOARD OF TRUSTEES OF
ISSUER**

Brad Frost	—	Mayor
Clark Taylor	—	Councilmember
Ryan Hunter	—	Councilmember
Staci Carroll	—	Councilmember
Tim Holley	—	Councilmember
Ernie John	—	Councilmember

CITY ADMINISTRATION

David Bunker, City Administrator
Terilyn Lurker, City Recorder
and Secretary of the Issuer
Anna Montoya, Finance Director

BOND COUNSEL

Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601
Telephone: (801) 510-6303

MUNICIPAL ADVISOR

Stifel, Nicolaus & Company, Incorporated
15 West South Temple, Suite 1090
Salt Lake City, Utah 84101
Telephone: (385) 799-7231

**TRUSTEE, BOND REGISTRAR AND PAYING
AGENT**

Zions Bancorporation, National Association
One South Main Street, 12th Floor
Salt Lake City, Utah 84133
Telephone: (801) 844-7517

No dealer, broker, salesperson or any other person has been authorized by American Fork City, Utah (the “City”) or the successful bidder(s) to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the successful bidder(s). This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of, the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City or in any other information contained herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE SUCCESSFUL BIDDER(S) MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS. SUCH TRANSACTIONS MAY INCLUDE OVERALLOTMENTS IN CONNECTION WITH THE PURCHASE OF BONDS, THE PURCHASE OF BONDS TO STABILIZE THEIR MARKET PRICE, THE PURCHASE OF BONDS TO COVER THE SUCCESSFUL BIDDER’S(S’) SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. SUCH TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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\$40,000,000*
LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH
LEASE REVENUE BONDS
SERIES 2026

INTRODUCTION

This Official Statement, including the cover page and Appendices hereto (the “*Official Statement*”), is furnished to prospective purchasers in connection with the sale and delivery of \$40,000,000* aggregate principal amount of Lease Revenue Bonds, Series 2026 (the “*Series 2026 Bonds*”) by the Local Building Authority of American Fork City, Utah (the “*Issuer*”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2026 Bonds to potential investors is made only by means of the entire Official Statement.

The descriptions and summaries of the Lease and the Indenture and various other documents herein set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of its terms and conditions. All statements herein are qualified in their entirety by reference to such documents. Capitalized terms used, but not otherwise defined, herein have the same meaning as ascribed to them in the Lease and the Indenture. See “CERTAIN DEFINITIONS” in APPENDIX B — FORMS OF PRINCIPAL DOCUMENTS hereto.

THE ISSUER

The Issuer is a non-profit corporation incorporated, organized and existing pursuant to the Utah Nonprofit Corporation and Cooperative Association Act, Title 16, Chapter 6a, Utah Code Annotated 1953, as amended, (the “*Nonprofit Corporation Act*”) and as provided in the Utah Local Building Authority Act Title 17D, Chapter 2, Utah Code Annotated 1953, as amended, (the “*Building Authority Act*”). The Issuer was created by American Fork City, Utah (the “*City*”) pursuant to a resolution adopted on January 27, 2009, for the purpose of acquiring, improving or extending one or more projects and for financing and refinancing the costs of such projects on behalf of the City. See “THE ISSUER” below.

* Preliminary; subject to change.

THE CITY

The City, incorporated in 1853, covers an area of approximately ten square miles. It is situated in the northeastern portion of Utah County between two of the largest population centers in the State of Utah (the “*State*”) – Salt Lake City (28 miles to the north) and Provo City (12 miles to the south). Interstate 15, US Highway 89, and State Highway 74 are all main thoroughfares that go through the City. The City’s estimated 2025 population was 43,232. See “AMERICAN FORK CITY, UTAH” for additional information.

THE SERIES 2026 BONDS

The proceeds of the Series 2026 Bonds, together with other available funds, will be used to finance the acquisition and construction of improvements to and expansion of a public works facility for the City (the “*Project*”). See “PLAN OF FINANCING” below. The proceeds of sale of the Series 2026 Bonds will also be used to pay certain costs and expenses associated with the issuance of the Series 2026 Bonds.

The Series 2026 Bonds are issued under and are equally and ratably secured by an Indenture of Trust, dated as of February 1, 2026 (the “*Indenture*”), between the Issuer and Zions Bancorporation, National Association, as Trustee (the “*Trustee*”). The Series 2026 Bonds are limited obligations of the Issuer payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Series 2026 Bonds. In addition, pursuant to a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement (the “*Deed of Trust*”), the Issuer has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Project and as lessor under the Lease, including its right to receive the Base Rentals (as defined below), as security for the payment of the principal of, and premium, if any, and interest on, the Series 2026 Bonds and any other bonds outstanding under the Indenture. See “SECURITY FOR THE SERIES 2026 BONDS” below. Additional Bonds ranking on a parity with the Series 2026 Bonds may be issued in the future under the terms specified in the Indenture. See “SECURITY FOR THE SERIES 2026 BONDS — Additional Bonds” below. The Series 2026 Bonds together with any Additional Bonds which may be issued are collectively referred to as the “*Bonds*.”

THE LEASE

Pursuant to an annually renewable Master Lease Agreement, dated as of February 1, 2026, (the “*Lease*”), the Issuer will lease to the City the Project.

Under the Lease, the City has agreed to make base rental payments in stated amounts and at times that are sufficient to pay the principal of and interest on all of the Series 2026 Bonds coming due in each fiscal year (collectively, the “*Base Rentals*”), but only if and to the extent that the City Council annually appropriates funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (defined below) under the Lease, plus such additional amounts (the “*Additional Rentals*” and, together with the Base Rentals, the “*Rentals*”) as are necessary to operate and maintain all of the Project during such period. An Event of Nonappropriation will occur under the Lease if the City Council fails to appropriate moneys sufficient to pay all of the

Rentals coming due for any Renewal Term of the Lease (*i.e.*, the Lease requires the City to exercise its renewal option on an “all or nothing” basis). However, the Lease specifically provides that nothing therein shall be construed to require the City Council to appropriate any money to pay any Base Rentals or Additional Rentals thereunder and that the City shall not be obligated to pay such Rentals, except to the extent appropriated for the then-current fiscal year of the City.

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

THE PROJECT

The Project consists of the acquisition and construction of improvements to and expansion of the public works facility of the City. The Project will be constructed on the site of the existing public works facility, which is owned by the City. The Project consists of an approximate 45,000 square foot administration building and approximately 36,000 square feet bay and equipment storage area. The city-owned 5.7 acre site will be re-developed to include office space for City employees and public interface, equipment and material storage, workspace for repairs, and parking for the public and City employees. The expected completion date of the Project is the summer of 2028.

SECURITY FOR THE SERIES 2026 BONDS

Pursuant to the Deed of Trust, the Issuer has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to the Project, including its right to receive the Base Rentals, as security for the payment of the principal of and premium, if any, and interest on the Series 2026 Bonds. The Series 2026 Bonds are limited obligations of the Issuer payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the Series 2026 Bonds. See “SECURITY FOR THE SERIES 2026 BONDS.”

SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

The City may budget and appropriate moneys from various revenue sources to pay the Rentals coming due during each Renewal Term of the Lease (assuming the City elects to renew the term of the Lease for any such Renewal Term). The City’s principal source of funds designated for capital projects is real property taxes.

ADDITIONAL BONDS

Additional Bonds ranking on a parity with the Series 2026 Bonds may be issued in the future under the terms specified in the Indenture. See APPENDIX B “FORMS OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of the Indenture—Additional Bonds.” The Series 2026 Bonds and any Additional Bonds issued under the Indenture are sometimes collectively referred to herein as the “Bonds.” In the event that the Issuer determines to issue Additional Bonds to finance additional projects, such additional projects would be leased to the City pursuant to the Lease.

The Issuer does not currently anticipate issuing Additional Bonds in the next three years.

TAX-EXEMPT STATUS

In the opinion of Farnsworth Johnson PLLC, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from taxes imposed by the Utah Individual Income Tax Act. In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds.

PUBLIC SALE/ELECTRONIC BID

The Bonds will be awarded pursuant to competitive bidding to be held via the PARITY® electronic bid submission system on January 22, 2026, as set forth in the Official Notice of Bond Sale (dated January 14, 2026).

BASIC DOCUMENTATION

The “basic documentation,” which includes the Indenture, the Lease, the Deed of Trust, the Ground Lease, the closing documents and other documentation authorizing the issuance of the Series 2026 Bonds and establishing the rights and responsibilities of the Issuer and the City and other parties to the transaction, may be obtained from the “contact persons” listed below.

CONTACT PERSONS

As of the date of this Official Statement, the chief contact person for the City concerning the Series 2026 Bonds is:

Anna Montoya, Finance Director
51 E. Main Street, American Fork City, Utah 84003
Telephone: (801) 763-3000; Fax: (801) 763-3004
E-Mail: amontoya@americanfork.gov

As of the date of this Official Statement, additional requests for information may be directed to Stifel, Nicolaus & Company, Incorporated, Salt Lake City, Utah (the “*Municipal Advisor*”):

Matt Dugdale, Managing Director
Stifel, Nicolaus & Company, Incorporated
15 West South Temple, Suite 1090, Salt Lake City, Utah 84101
Telephone: (385) 799-7231; Fax: (385) 799-7250
E-Mail: dugdalem@stifel.com

BONDOWNERS’ RISKS

The purchase of the Series 2026 Bonds involves certain investment considerations and risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Series 2026 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below.

LIMITED OBLIGATIONS; NONAPPROPRIATION

The Series 2026 Bonds are payable from Base Rentals due under the Lease, which constitute currently budgeted expenditures of the City, payable only if funds are appropriated by the City Council, for each fiscal year. The initial term of the Lease expires on June 30, 2026, subject to the City’s option to extend the term of the Lease for additional and consecutive one-year renewal terms commencing on July 1, 2026, with a final renewal term commencing July 1, 2055 and expiring on May 1, 2056 (herein referred to individually as a “*Renewal Term*” and collectively as the “*Renewal Terms*”). The terms and conditions of the Lease during each Renewal Term will be the same, except that the Base Rentals will be as specified for each such Renewal Term in the Lease and as they may be revised as provided in the Indenture. Each option will be exercised by the adoption by the City Council, of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose) to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term. The adoption of such final budget, after the holding of the required public hearing and compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the City.

The likelihood that the City will extend the term of the Lease for each Renewal Term and continue to pay the Base Rentals to enable the Issuer to timely pay the principal of, and interest

on, the Series 2026 Bonds in the future depends upon a number of factors, including, but not limited to, (a) the continuing need of the City for the Project and (b) the ability of the City to generate sufficient revenues from property taxes and other sources to pay obligations associated with the Lease and other obligations of the City (whether now existing or hereafter created). The City's option to renew the Lease may be exercised only with respect to all of the Project and may not be exercised in part (*i.e.*, the City, is not provided an option to renew the Lease only with respect to certain portions of the Project).

Pursuant to the Deed of Trust, the Issuer has granted to the Trustee for the equal and ratable benefit of the owners of all of the Series 2026 Bonds outstanding a first mortgage lien on, and security interest in, all of the Issuer's rights, title and interest in the Project other than movable equipment, subject to permitted encumbrances. The occurrence of an Event of Default under the Indenture (including an Event of Nonappropriation under the Lease) will entitle the Trustee to exercise its rights and remedies to the extent provided in the Deed of Trust against any or all of the Project in such manner and order as the Trustee determines to be in the best interests of the owners of all of the Series 2026 Bonds then outstanding. No assurance can be given that it will be possible for the Trustee to sell or relet the Project for an amount, or in a manner that would produce continuing revenue, sufficient to pay timely the principal of and interest on the Series 2026 Bonds.

The City's obligation under the Lease does not constitute a general obligation or other indebtedness of the City or the State of Utah or any agency or political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the Indenture nor the Lease limit the ability of the City to incur additional obligations against its revenues. The Issuer has no taxing power.

No judgment for money damages may be entered against the City, the State or any political subdivision of the State for the failure by the City to pay the Rentals due under the Lease as the result of an Event of Nonappropriation. No deficiency judgment may be entered against the Issuer, the State or any political subdivision of the State on foreclosure of any lien created by the Indenture or on sale of the Project pursuant to a foreclosure or liquidation pursuant to the Indenture or reletting or sale of the Project thereafter. Neither the State nor any political subdivision thereof, is obligated to pay the principal of or premium, if any, or interest on, any Series 2026 Bond.

CHANGES IN CITY COUNCIL

The individuals elected to serve on the City Council may be replaced with individuals who are inexperienced or new to governing a city. There can be no assurance that the individuals currently serving or elected to serve on the City Council will exercise the option provided in the Lease to extend the term of the Lease.

EXPIRATION OR TERMINATION OF THE LEASE

The Lease will expire by its terms on June 30, 2026, unless the City, in its sole discretion exercises the option provided in the Lease to extend the term of the Lease for the succeeding Renewal Term with a final lease expiration date of May 1, 2056. In the event that the City does not extend the term of the Lease, the City's obligation to pay Rentals will terminate on June 30,

2026. Upon (a) the expiration of a Renewal Term of the Lease during which an Event of Nonappropriation occurs (which is not waived by the Trustee as provided in the Lease) or (b) a default under the Lease and an election by the Trustee to terminate the possessory interest of the City, under the Lease, the City's right of possession of the Project under the Lease will expire or be terminated, as appropriate. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default Defined" and "— Remedies Upon Default" in APPENDIX B hereto.

In the event that the City's right of possession of the Project under the Lease expires or is terminated for either of the reasons described in the preceding paragraph, the obligation of the City to pay Rentals thereunder will continue through the Renewal Term then in effect, but not thereafter, and the Series 2026 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the City of the Rentals that are due through the Renewal Term then in effect. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term or if an event occurs pursuant to which the Trustee terminates the City's right of possession of the Project under the Lease, the Trustee may recover and relet or sell the Project as provided in the Indenture, subject to the terms of the Ground Lease (the "*Ground Lease*") pursuant to which the City will lease the site (the "*Project Site*") on which the Project will be constructed to the Issuer. The net proceeds of any reletting or sale of the Project together with certain other moneys then held by the Trustee under the Indenture, are required to be used to pay the Series 2026 Bonds to the extent of such moneys. No assurance can be given as to the amount of funds that may be available from any such source for the payment of the principal of or interest on the Series 2026 Bonds.

The occurrence of an Event of Nonappropriation or a default by the City under the Lease constitutes an Event of Default under the Indenture. Upon the occurrence of an Event of Default, the Indenture provides that the Trustee shall take such actions as are necessary to protect the interests of the owners of all Bonds then outstanding, including the acceleration of the principal of and interest on all Bonds then outstanding.

No assurance can be given that the Trustee could relet or sell the Project for the amount necessary to pay the principal of and the interest due on the Series 2026 Bonds. A potential purchaser of the Series 2026 Bonds should not assume that it will be possible to relet or sell the Project after an Event of Default under the Deed of Trust for an amount equal to the aggregate principal amount of the Series 2026 Bonds then outstanding plus accrued interest thereon. In this regard, it should be noted that (a) the Project may be subject to ad valorem and other property taxation if owned or used by an entity other than the City or other governmental body and (b) the Project may not be suitable for general commercial use and zoning restrictions could limit use of the Project. Furthermore, no assurance can be given that the amount, if any, realized upon any reletting or sale of the Project will be available to provide for the timely payment of the Series 2026 Bonds.

LIMITED REMEDIES

A termination of the City's right of possession of the Project under the Lease as a result of an event of default or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession

of, and the right to relet or foreclose upon and sell, the Project in accordance with the provisions of the Lease, the Indenture and the Deed of Trust, subject to the Ground Lease. The enforceability of the Lease, the Deed of Trust 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 of Utah, the exercise of judicial authority by state or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Title insurance on behalf of the Trustee will not be obtained.

The Project will be used by the City for the provision of essential governmental functions of the City. Due to the essential governmental use of such portions of the Project and the delays inherent in obtaining foreclosure upon real property and other judicial remedies, no assurance can be given that (i) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (ii) any moneys realized by the Trustee upon an exercise of any remedies would be sufficient to pay the principal of and interest on the Series 2026 Bonds. Any delays in the ability of the Trustee to obtain possession of the Project, of necessity, will result in delays in any payment of principal of or interest on the Series 2026 Bonds.

ADDITIONAL BONDS

Additional Bonds may be issued to provide funds for any or any combination of purposes without the consent of the Series 2026 Bondholders, as described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Bonds" in APPENDIX B hereto. Any Additional Bonds will be secured by the lien of the Indenture and will rank on a parity with the Series 2026 Bonds.

The Issuer does not currently anticipate issuing Additional Bonds under the Indenture but reserves the right to issue Additional Bonds as capital needs arise and to refund outstanding Bonds.

DESTRUCTION OF THE PROJECT

The Lease requires the Project to be insured by policies of insurance (including casualty and property damage insurance) as described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Insurance" in APPENDIX B hereto. In the event of damage to or destruction or condemnation of any of the Project, the City, has agreed in the Lease to continue to pay Rentals (subject to the City's option to not renew the term of the Lease) and to apply the net proceeds from insurance and other sources to repair, rebuild and replace the affected portion of the Project. See "THE SERIES 2026 BONDS — Redemption — Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation" below.

If the net proceeds from insurance are insufficient to repair, rebuild and replace the affected portion of the Project, (a) the City, may pay any cost in excess of such net proceeds, but only if it appropriates Additional Rentals for that purpose, in order to restore the affected portion of the Project, (b) such net proceeds may be used for the purpose of causing the extraordinary optional redemption of the Series 2026 Bonds if the failure to repair, rebuild or replace will not materially detract from the value of the Project or (c) such net proceeds may be applied to the prepayment of Base Rentals. There can be no assurance as to the adequacy or timely payment of the insurance in

effect at that time or the likelihood that the City will elect to extend the term of the Lease for the next Renewal Term succeeding such damage, destruction or condemnation or prepay the Base Rentals then applicable. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Damage, Destruction and Condemnation” in APPENDIX B hereto.

RELEASE OF PROJECT

The Lease provides for the transfer of certain portions of the Project to the City and the release of such portions of the Project from the lien of the Deed of Trust, prior to the final maturity of the Series 2026 Bonds upon the prepayment by the City, of Base Rentals set forth in the Lease and the redemption of Bonds. See “THE SERIES 2026 BONDS — Redemption — Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” below.

The release of portions of the Project from the lien of the Deed of Trust in connection with a redemption of Bonds will necessarily result in a reduction in the value of the security interests held by the Trustee for the benefit of the owners of the Series 2026 Bonds which remain outstanding and may reduce the City’s incentives to renew the Lease for any future Renewal Term.

DEPRECIATION AND OBSOLESCENCE

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

CONSTRUCTION OF THE PROJECT

The expected completion date of the Project is the summer of 2028. The Issuer is not providing for capitalized interest on the Series 2026 Bonds to the expected completion date of the Project. See “BONDOWNERS’ RISK— Limited Obligations; Nonappropriation” above.

The Issuer and the City believe, but there can be no assurance, that the proceeds of sale of the Series 2026 Bonds, together with certain investment earnings thereon and legally available funds of the City, will be sufficient to complete the construction and equipping of the Project. In the event such proceeds are insufficient, the Issuer is authorized, pursuant to the Lease, to complete the construction and equipping of the Project from legally available funds.

ENVIRONMENTAL REGULATION

The Project are and will be subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the City and to any beneficiary of the Deed of Trust, particularly following any sale or

foreclosure proceeding, for remediating adverse environmental conditions on or relating to the Project, whether arising from preexisting conditions or conditions arising as a result of activities conducted in connection with the ownership and operation of the Project.

CYBERSECURITY

The City, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purpose of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

TAX STATUS OF THE SERIES 2026 BONDS; CONTINUING COMPLIANCE WITH CERTAIN COVENANTS

Failure by the Issuer or the City with respect to any of the Series 2025 Bonds to comply with certain covenants relating to the Indenture, the Lease and the Series 2025 Bonds, on a continuing basis could result in interest on the Series 2025 Bonds becoming includible in federal gross income of the owners thereof, retroactive to the date of their original issuance. See "TAX MATTERS" herein. The Indenture and the Series 2025 Bonds do not provide for payment of any additional interest or penalty or redemption if interest on the Series 2025 Bonds becomes includible in federal gross income.

PLAN OF FINANCING

The proceeds of the Series 2026 Bonds, together with certain other legally available moneys, will be used (a) to finance the acquisition and construction of the Project, and (b) to pay certain costs and expenses associated with the issuance of the Series 2026 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the sale of the Series 2026 Bonds are estimated to be as follows:

SOURCES OF FUNDS:

Par Amount of Series 2026 Bonds	\$40,000,000.00**
Original Issue Premium.....	—
TOTAL SOURCES	\$

USES OF FUNDS:

Deposit to Project Fund.....	\$
Costs of Issuance*	—
TOTAL USES	\$

* Includes municipal advisor, legal, and Trustee fees and other costs and expenses related to the issuance of the Series 2026 Bonds.

** Preliminary; subject to change.

THE SERIES 2026 BONDS

GENERAL

The Series 2026 Bonds are issuable only in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2026 Bonds bear interest (computed on the basis of a year of 360 days consisting of twelve 30-day months), payable on May 1 and November 1 in each year, commencing November 1, 2026 (collectively, the “*Bond Interest Payment Dates*”) at the rates and will mature on the dates set forth on the cover page of this Official Statement.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant

to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has a S&P Global rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Series

2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Bond documents. For example, Beneficial Owners of the Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Series 2026 Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 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 Issuer 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

As long as the book-entry system is in effect, redemption proceeds, distributions, and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Series 2026 Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2026 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 Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

REGISTRATION, TRANSFER AND EXCHANGE

The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Series 2026 Bonds, which will at all times be open to public inspection during regular business hours of the Trustee. In the event that the book-entry system is discontinued, any Series 2026 Bond may, in accordance with its terms, be transferred upon the registration books by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such registered Series 2026 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Whenever any Series 2026 Bond or Series 2026 Bonds are surrendered for transfer, the Issuer will execute and the Trustee will authenticate and deliver a new Series 2026 Bond or Series 2026 Bonds for a like aggregate principal amount. In the event that the book-entry system is discontinued, Series 2026 Bonds may be exchanged at the principal corporate trust office of the Trustee in Salt Lake City, Utah, for a like aggregate principal amount of Series 2026 Bonds of other authorized denominations. The Trustee will require the Bondowner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange and may in addition require the payment of a reasonable sum to cover expenses incurred by the Issuer or the Trustee in connection with such transfer or exchange.

No transfer or exchange of Series 2026 Bonds will be required to be made (a) after the mailing of notice calling such Bonds for redemption has been given as provided in the Indenture and (b) between any Record Date and the next succeeding Bond Interest Payment Date.

REDEMPTION

Optional Redemption. The Series 2026 Bonds are subject to redemption at the option of the Issuer on May 1, 2036 (the "*First Redemption Date*"), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as will be selected by the Issuer, upon notice given as provided in the Indenture and described below, at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the redemption date. Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Selection for Redemption. If less than all Bonds of any maturity are to be redeemed, the particular Bonds or portion of Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any registered 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 Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such Bond by \$5,000.

Extraordinary Optional Redemption in The Event of Damage, Destruction or Condemnation. The Series 2026 Bonds are subject to redemption prior to maturity in whole or in a prorated portion from time to time at a redemption price equal to 100% of the principal amount of Series 2026 Bonds to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the event that (a) the Project is damaged or destroyed, in whole or

in part, or the Project or any portion thereof is taken in a condemnation proceeding, or certain events occur with respect to the title to the Project or construction defects in the Project as described in the Lease, (b) the Net Proceeds of any insurance policy, performance bond or condemnation award made available by reason of one or more such occurrences are insufficient to pay in full the cost of rebuilding, replacing or repairing the Project and the failure to repair, rebuild or replace shall not materially detract from the value of the Project and (c) the City elects to waive its obligation to rebuild, repair or replace the affected portion of the Project in accordance with the Lease. If so called for redemption, the Series 2026 Bonds will be subject to redemption on the next Bond Interest Payment Date for which timely notice can be given as provided in the Indenture. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Damage, Destruction and Condemnation” in APPENDIX B hereto.

PARTIAL REDEMPTION OF SERIES 2026 BONDS

In the case of a partial redemption of Series 2026 Bonds when Series 2026 Bonds of denominations greater than \$5,000 are then outstanding, each \$5,000 of face value will be treated as though it were a separate Series 2026 Bond of the denomination of \$5,000 for all purposes in connection with such partial redemption. Series 2026 Bonds will be redeemed only in the principal amount of \$5,000 each or integral multiples thereof.

With respect to any partial redemption of less than all of a particular maturity of Series 2026 Bonds, the Series 2026 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

NOTICE OF REDEMPTION; EFFECT OF REDEMPTION

Notice of the call for any redemption, identifying the Series 2026 Bonds (or portions thereof) to be redeemed and specifying the terms of such redemption, will be given by the Trustee (upon being satisfactorily indemnified as to expenses) by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series 2026 Bond to be redeemed (in whole or in part); provided, however, that failure to give such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any Series 2026 Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Series 2026 Bonds called for redemption, which moneys are or will be available for redemption of Series 2026 Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice will be of no effect unless such moneys are so deposited.

The Series 2026 Bonds called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee.

PAYMENT OF THE SERIES 2026 BONDS

The Lease requires semi-annual Base Rental payments to be made by the City to the Issuer, which Base Rentals have been assigned to the Trustee pursuant to the Indenture. Such Base Rentals are designed to be sufficient to pay the principal of and interest on the Series 2026 Bonds coming due during the term of the Lease (assuming that the City appropriates sufficient funds to extend the term of the Lease).

The following table shows the scheduled Base Rental payments that are equal to the payments of principal of and interest on the Series 2026 Bonds:

BASE RENTAL PAYMENT SCHEDULE

<u>FISCAL YEAR</u>	<u>PRINCIPAL COMPONENT</u> *	<u>INTEREST COMPONENT</u>	<u>FISCAL YEAR TOTAL</u>
2027	\$ 205,000		
2028	660,000		
2029	695,000		
2030	730,000		
2031	765,000		
2032	800,000		
2033	840,000		
2034	885,000		
2035	930,000		
2036	975,000		
2037	1,025,000		
2038	1,075,000		
2039	1,130,000		
2040	1,185,000		
2041	1,245,000		
2042	\$1,305,000		
2043	1,370,000		
2044	1,425,000		
2045	1,485,000		
2046	1,545,000		
2047	1,605,000		
2048	1,675,000		
2049	1,755,000		
2050	1,830,000		
2051	1,915,000		
2052	2,000,000		
2053	2,090,000		
2054	2,185,000		
2055	2,285,000		
2056	2,385,000		

* Preliminary; subject to change.

SECURITY FOR THE SERIES 2026 BONDS

GENERAL

The Bonds are payable from Base Rentals due under the Lease and certain other Revenues as provided in the Indenture. The Lease shall take effect with respect to the Series 2026 Bonds on the date of issuance of the Series 2026 Bonds. The initial term of the Lease expires on June 30, 2026, subject to the City's option to extend the term of the Lease for additional and consecutive one-year renewal terms commencing on July 1, 2026, with a final renewal term commencing July 1, 2055 (herein referred to individually as the "*Renewal Term*" and collectively as the "*Renewal Terms*"). The terms and conditions of the Lease during each Renewal Term will be the same, except that the Base Rentals and the Option Price will be as specified for each such Renewal Term in the Lease and as they may be revised as provided in the Indenture. Each option will be exercised by the adoption by the City Council of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose) to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term. The adoption of such final budget, after the holding of the required public hearing and compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the City. For circumstances under which the Lease will be terminated, see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Expiration or Termination of the Term of the Lease" in APPENDIX B hereto.

The continuation of the term of the Lease and the obligation of the City to pay Base Rentals after June 30, 2026, are subject to the appropriation by the City of sufficient funds to extend the term of the Lease for the next Renewal Term and for each succeeding Renewal Term thereafter. Neither the Lease nor the Bonds constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation. The City has not pledged its credit to the payment of the Lease or the Bonds, and the City is not directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Lease or the Bonds. The Issuer has no taxing power. See "BONDOWNERS' RISKS" above.

GROUND LEASE; THE INDENTURE AND DEED OF TRUST

The City owns the Project Site and will lease the Project Site to the Issuer pursuant to a Ground Lease, dated as of February 1, 2026 (the "*Ground Lease*"). The Ground Lease will expire on May 1, 2076, unless terminated earlier pursuant to its terms. The Issuer will assign all of its rights and interest in the Ground Lease to the Trustee pursuant to the Indenture.

The Issuer, as lessor under the Lease and pursuant to the Indenture, has assigned to the Trustee all of the Issuer's right, title and interest as lessor under the Lease, including the right to receive Base Rentals payable under the Lease, for the benefit of the Bondowners. The Issuer has also, for the benefit of the Bondowners, granted to the Trustee pursuant to the Deed of Trust, a mortgage lien on and security interest in the Project and in and to certain specified funds held under the Indenture.

In the event the City appropriates sufficient funds to extend the term of the Lease for each successive Renewal Term, the City is required to pay semiannually to the Trustee specified Base Rentals for the Project that are designed to be sufficient, in both time and amount, to pay, when due, the principal of and interest on the Bonds. The City has covenanted in the Lease to cause to be included in its annual tentative budget prepared in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably estimated Additional Rentals for the Project during the next succeeding Renewal Term. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Covenant to Request Appropriations” in APPENDIX B hereto.

In the event the City does not appropriate sufficient funds to extend the term of the Lease, and the Lease thereby expires by its terms at the end of any Renewal Term, the City will have no further payment obligation under the Lease, except for the Base Rentals which are payable prior to the termination of the Lease. Upon such expiration, the Trustee may exercise one or more of the rights provided in the Lease and the Indenture, including an option to recover and relet or sell the Project and apply the proceeds of such reletting or sale, if any, together with the moneys in the Bond Fund, to the payment of principal of all then outstanding Bonds and accrued interest thereon. However, due to the nature of the 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 such a shortfall occur, the Bonds would be paid on a *pro rata* basis as provided in the Indenture. See “BONDOWNERS’ RISKS” above.

MAINTENANCE AND INSURANCE ON THE PROJECT

The City has agreed in the Lease, at its own expense, to maintain, manage and operate the Project and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The City will provide or cause to be provided all security, custodial, janitorial service, power, gas, telephone, light, heating, water and all other public utility services. As provided in the Lease, the Issuer, the Trustee and the owners of the Bonds will not have any obligation to incur any expense of any kind or character for the management, operation or maintenance of the Project during the term of the Lease. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Maintenance and Operation of the Project” in APPENDIX B hereto.

The Project is required to be insured by policies of insurance or by self-insurance to the extent described in APPENDIX B under “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE — Insurance.” All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance required by the Lease or condemnation awards, or any proceeds resulting from a default under any contract relating to the Project that are received by the Trustee will be deposited into the Insurance Fund under the Indenture. An authorized representative of the City in accordance with the Lease will file a certificate with the Trustee, within 90 days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds as follows:

- (a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Project if such officer’s certificate states that such Net Proceeds, together with any other funds lawfully available to the City for such

purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, or

(b) to the redemption, in whole or in part, of the Bonds in accordance with the Indenture, but only upon receipt of such officer's certificate of the authorized representative of the City.

ADDITIONAL BONDS

Additional Bonds may be issued to provide funds for any or any combination of purposes as described under "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Bonds" in APPENDIX B hereto. Any Additional Bonds will be secured by the lien of the Indenture and will rank on a parity with the Series 2026 Bonds, and, unless provided otherwise in a supplement to the Indenture, will be in substantially the same form as the Series 2026 Bonds, but will bear such date or dates, bear such interest rate or rates, have such maturity date or dates, redemption dates and redemption premiums, and be issued at such prices as are approved in writing by the Issuer and the City.

The Issuer does not currently anticipate issuing Additional Bonds under the Indenture, but reserves the right to issue Additional Bonds as capital needs arise and to refund outstanding Bonds.

THE ISSUER

ESTABLISHMENT

On January 27, 2009, the City enacted a resolution that provided for the creation of the Issuer. The Issuer was incorporated as a non-profit corporation under the provisions of the Nonprofit Corporation Act. As set forth in its Articles of Incorporation, the Issuer is of perpetual duration. The Issuer has no full-time employees or other personnel other than its governing Board of Trustees and officers as described below. The Issuer has no property, money or other assets, except for those that were acquired with the proceeds of the Bonds, which will constitute the Project. Other than the temporary loan from the City used to acquire such assets, the Issuer does not have any outstanding debt obligations.

CORPORATE POWERS

The Issuer has been incorporated for the purpose of acquiring, improving or extending one or more projects and financing and refinancing their costs on behalf of the City 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 City exists.

The Issuer has all of the powers granted to it by the Building Authority Act, the Constitution and other laws of the State of Utah. The Issuer may not, however, undertake any of the activities provided for in its Articles of Incorporation without prior authorization therefor by

the City. The Issuer has been organized as a nonprofit corporation and its Articles of Incorporation expressly require that it remain a nonprofit corporation.

The Issuer 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 Issuer are satisfied, discharged and retired, title to all real and personal property financed with the proceeds of such bonds, notes or other evidences of indebtedness is required to be forthwith transferred to the City.

STATUTORY POWERS

Under the Building Authority Act, the Issuer 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 that a public body is authorized or permitted by law to own, possess or hold or that has or may come into its possession or ownership by any lawful means, including, but not limited to purchase, lease, rental, sale, contract, exchange, devise, bequest, gift, condemnation, donation, construction or operation of law, and it may otherwise improve or extend such a project or projects and finance their costs on behalf of the public body that created the Issuer in order to accomplish the public purposes for which that the public body exists; (ii) enter into leasing contracts with the City with respect to projects which the Issuer has acquired, improved or extended or will acquire, improve or extend on behalf of the City; (iii) issue and sell its bonds for the purpose of paying 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 Issuer, the affairs of the Issuer are managed by a Board of Trustees (the "*Board of Trustees*"). The Board of Trustees consists of the members of the City Council as may from time to time serve. Each Trustee serves on the Board of Trustees until death, incapacity or departure from the City Council. Whenever a Trustee shall cease to be a member of the City Council, his or her successor, upon such successor's election and qualifying for office, thereupon becomes a Trustee of the Issuer. Trustees may be removed and replaced by the City Council at any time at its discretion.

Set forth on the roster page of this Official Statement are the current members of the Board of Trustees and the Secretary Treasurer of the Issuer.

AMERICAN FORK CITY, UTAH

GENERAL

The City, incorporated in 1853, covers an area of approximately ten square miles. It is situated in the northeastern portion of Utah County between two of the State's largest population centers – Salt Lake City (28 miles to the north) and Provo City (12 miles to the south). Interstate 15, US Highway 89, and State Highway 74 are all main thoroughfares that go through the City. The City's estimated 2025 population is 43,232.

FORM OF GOVERNMENT

Utah statutes detail the functions to be performed by State municipalities. Title 10, Utah Code Annotated, 1953, as amended, generally sets out laws to provide for the incorporation, organization, and classification of cities and towns in proportion to population. The City is organized under general law and governed by a council (with five seats elected to four-year terms) and mayor.

The current members of the City Council, the Mayor and the City administration have the following respective terms in office:

OFFICE	PERSON	YEARS OF SERVICE	EXPIRATION OF TERM
Mayor	Brad Frost	8 ¹	January 2030
Councilmember	Ryan Hunter	5	January 2030
Councilmember	Staci Carroll	8	January 2030
Councilmember	Tim Holley	2	January 2028
Councilmember	Ernie John	2	January 2028
Councilmember	Clark Taylor	16	January 2028
City Administrator.....	David Bunker	9	Appointed
City Recorder.....	Terilyn Lurker	9 ²	Appointed
Finance Director	Anna Montoya	7	Appointed

1 Prior to be elected as Mayor, Brad Frost served as a Councilmember for the City for six years.

2 Terilyn Lurker has worked for the City for 29 years, the previous nine years as City Recorder.

The City currently employs approximately 290 full-time equivalent employees. The City is a member of the Utah State Retirement System (the “Systems”). See “APPENDIX A— BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025—Notes to Financial Statements—Note 10. Retirement Plans” herein. A copy of the report for the Systems may be found at the Systems’ website at www.urs.org. The reference herein to the report for the Systems is included for the convenience of the reader and the City makes no representation as to the information presented in such report or at such website.

RISK MANAGEMENT

The City manages its risks through the purchase of commercial insurance policies. As of the date of this Official Statement, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides. See “BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30, 2025—Notes to Financial Statements—Note 12. Risk Management” herein.

INVESTMENT OF FUNDS

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code (the “*MM Act*”) governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on safety, liquidity, yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.”

The City is currently complying with all of the provisions of the MM Act for all City operating funds.

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

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

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. Deposits are not insured or otherwise

guaranteed by the State. However, it is the stated intent of the State Treasurer to manage a stable net asset value pool and maintain a net asset value that does not deviate by more than 0.5%.

See “BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025—Notes to Financial Statements— Note 4. Cash, Cash Equivalents, and Investments” herein.

DEBT STRUCTURE OF THE CITY, UTAH

OUTSTANDING MUNICIPAL DEBT OF THE CITY

General Obligation Bond Debt

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2020	Fire station	\$8,035,000	May 1, 2038	\$ 6,320,000
2016 ¹	Refunding/Water	30,285,000	May 1, 2035	20,350,000
2015 ¹	Refunding/Water	7,020,000	May 1, 2035	<u>4,375,000</u>
TOTAL				\$31,045,000

¹ Secondary water bonds are repaid with water revenues.

General Obligation Debt Payable from Ad Valorem Property Tax Levy

Total Principal Amount of Outstanding Direct Debt	\$31,045,000
Less: Principal Amount of Direct Debt Anticipated to be Paid by Various Sources	<u>(24,725,000)</u>
Total Principal Amount of Outstanding Debt ¹	<u>\$6,320,000</u>

¹ The majority of the City's outstanding General Obligation bonds are being paid from various other revenue sources.

Sales Tax Revenue Bond Debt

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2018 ¹	Park/Refunding	\$4,000,000	May 1, 2028	<u>\$1,323,000</u>
TOTAL				<u>\$1,323,000</u>

¹ While sales tax revenue is pledged for this bond, the City intends to use \$350,000 of PARC Tax (Parks, Arts, Recreation, and Culture) money for debt service yearly. This is contingent, however, on yearly City Council approval and continuation of the PARC Tax by City voters. The PARC tax expires on May 31, 2026, unless extended.

Water Revenue Bond Debt

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2020	Water	\$21,438,000	January 1, 2025	<u>\$20,267,000</u>
TOTAL				<u>\$20,267,000</u>

Subordinated Sales Tax and Tax Increment Revenue Bond Debt

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2022 ¹	Patriot Station Project Area	\$30,000,000	May 1, 2042	\$ <u>27,610,000</u>
TOTAL				\$ <u>27,610,000</u>

¹ The redevelopment agency of the City has pledged tax increment revenues for the Patriot Station project area and subordinating sales taxes received from an agreement with the City for the repayment of these bonds.

Lease Revenue Bonds

SERIES	PURPOSE	ORIGINAL AMOUNT	FINAL MATURITY DATE	CURRENT BALANCE OUTSTANDING
2026	Public works facility	\$40,000,000*	May 1, 2056	\$40,000,000*
TOTAL				\$40,000,000

FUTURE DEBT PLANS

The City is considering holding a bond election in November 2026 for voter approval to issue approximately \$50 million of general obligation bonds to finance improvements to the City's pool and recreation center and a bond election in November 2027 for voter approval to issue approximately \$15 million of general obligation bonds to finance the construction of a new fire station.

Except as described above, the City does not expect to issue additional bonds for capital projects within the next three years but reserves the right to do so as its capital needs require. In addition, City may issue refunding bonds.

OTHER FINANCIAL CONSIDERATIONS

The City has several operating leases. SEE "APPENDIX A—BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025—Notes to Financial Statements—Note 10. Risk Management" HEREIN.

* Preliminary; subject to change.

OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT

<u>TAXING ENTITY(1)</u>	<u>2024 TAXABLE VALUE (2)</u>	<u>CITY'S PORTION OF TAXABLE VALUE</u>	<u>CITY'S PERCENTAGE</u>	<u>ENTITY'S GENERAL OBLIGATION DEBT</u>	<u>CITY'S PORTION OF G.O. DEBT</u>
Overlapping:					
CUWCD(3).....	\$329,537,585,070	\$18,454,104,764	5.6%	\$90,940,000	\$5,092,640
Alpine School District.....	60,516,986,357	\$5,264,977,813	8.7	267,680,000	<u>23,288,160</u>
Total Overlapping General Obligation Debt					\$28,380,800
Total Direct General Obligation Bonded Indebtedness(4).....					<u>6,320,000</u>
Total Direct, Overlapping and Principal Underlying General Obligation Debt.....					<u>\$34,700,800</u>

-
- (1) The State's general obligation debt is not included in overlapping debt because the State currently levies no property tax for payment of its general obligation bonds.
- (2) Taxable Value used in this table *excludes* the taxable value used to determine uniform fees on tangible personal property. See "FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Tax Levy and Collection — *Uniform Fees*" and "FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Taxable and Fair Market Value of Property."
- (3) Central Utah Water Conservancy District ("CUWCD") encompasses all or a portion of ten State counties, including, among others, Utah County. CUWCD's outstanding general obligation bonds are limited ad valorem tax bonds. By law, CUWCD may levy a tax rate of up to .000400 to pay for operation and maintenance expenses and any outstanding general obligation indebtedness.
- (4) Does not include general obligation debt of the City expected to be paid from other revenue sources.
- (Source: Property Tax Division, Utah State Tax Commission (as to Taxable Value).)

DEBT RATIOS

The following table sets forth the ratios of general obligation debt of the City and the taxing entities listed in the table above entitled “OVERLAPPING AND PRINCIPAL UNDERLYING GENERAL OBLIGATION DEBT” that is expected to be paid from taxes levied specifically for such debt (and not from other revenues) on the taxable value of property within the City, the estimated fair market value of such property and the population of the City. 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 2024 TAXABLE VALUE ⁽¹⁾	To 2024 FAIR MARKET VALUE ⁽²⁾	To 2025 POPULATION ESTIMATE PER CAPITA ⁽³⁾
Direct General Obligation Debt ⁽⁴⁾	0.22%	0.16%	\$146
Direct and Overlapping General Obligation Debt ⁽⁴⁾	1.23%	0.85%	\$803

(1) Based on 2024 Taxable Value of \$5,549,575,833, which value *excludes* the taxable value used to determine uniform fees on tangible personal property. (Source: Property Tax Division, Utah State Tax Commission.)

(2) Based on 2024 Fair Market Value of \$8,249,696,234 which value *excludes* the taxable value used to determine uniform fees on tangible personal property. (Source: Property Tax Division, Utah State Tax Commission.)

(3) Based on a 2025 population estimate of 43,232 persons.

(4) Based on outstanding direct general obligation debt of \$6,320,000 (excluding general obligation debt expected to be paid from other revenue sources).

(Source: Utah County Auditor (as to estimated Taxable and Fair Market Values).)

See “FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Tax Levy and Collection — *Uniform Fees*” and “FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Taxable and Fair Market Value of Property.”

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GENERAL OBLIGATION LEGAL DEBT LIMIT AND ADDITIONAL DEBT INCURRING CAPACITY

The general obligation indebtedness of the City is limited by State law to 12% of taxable property in the City (4% for general purposes and an additional 8% for sewer, water and electric purposes) as computed from the last equalized assessment rolls for State or County purposes prior to incurring the debt. The legal debt limit and additional debt incurring capacity of the City are based on the fair market value for 2024 and are calculated as follows:

2024 Fair Market Value ¹			\$8,282,524,605
	4% GENERAL PURPOSES	8% SEWER, WATER AND ELECTRIC	12% TOTAL ⁽¹⁾
“Fair Market Value” x .04	\$162,443,868	\$ N/A	\$162,443,868
“Fair Market Value” x .08	N/A	324,887,737	324,887,737
Total Debt Incurring Capacity	\$162,443,868	\$324,887,737	\$456,286,605
Less: Current Outstanding General Obligation Debt	(6,320,000)	(24,725,000)	(31,045,000)
Additional Debt Incurring Capacity	\$156,123,868	\$300,162,737	\$425,241,605

⁽¹⁾ The full 12% may be used for water, sewer and electric purposes but if it is so used, then no general obligation bonds may be issued in excess of 12% for any purpose.

NO DEFAULTED OBLIGATIONS

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

FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH

FUND STRUCTURE; ACCOUNTING BASIS

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

The accounts of the City are organized on the basis of funds or groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures or expenses. The various funds are grouped by type in the combined financial statements. See “BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025—Notes to Financial Statements—Note 1 Summary of Significant Accounting Policies” herein.

¹ Pursuant to the Act, for debt incurring capacity only, in computing the fair market value of taxable property in the City, (a) the fair market value is computed from the last applicable “equalized” assessment roll and (b) the fair market value of all tax equivalent property (which value *includes* the taxable value used to determine uniform fees on tangible personal property) is included as a part of the fair market value of the taxable property in the City.

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

In proprietary funds, 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 City is governed by the Uniform Fiscal Procedures Act for Utah Cities (the “Fiscal Procedures Act”). Pursuant to the Fiscal Procedures Act, the Budget Officer of the City is required to prepare budgets for the general fund, special revenue funds, debt service funds and capital improvement funds. These budgets are to provide a complete financial plan for the budget (ensuing fiscal) year. Each budget is required to specify, in tabular form, estimates of anticipated revenues and appropriations for expenditures.

On or before the first regular meeting of the City Council of the City in May of each year, the budget officer is required to submit to the City Council tentative budgets for all funds for the fiscal year commencing July 1. Various actual and estimated budget data are required to be set forth in the tentative budgets. The budget officer may revise the budget requests submitted by the heads of City departments, but must file these submissions with the City Council together with the tentative budget. The budget officer is required to estimate in the tentative budget the revenue from non-property tax sources available for each fund and the revenue from general property taxes required by each fund. The budget is then tentatively adopted by the City Council, with any amendments or revisions that the City Council deems advisable prior to the public hearing on the budget. After public notice and hearing, the tentative budget is adopted by the City Council, subject to further amendment or revisions by the City Council prior to adoption of the final budget.

Prior to June 22 of each year, the final budgets for all funds are adopted by the City Council. The Fiscal Procedures Act prohibits the City Council 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 City Council during the fiscal year. However, in order to increase the budget total of any fund, public notice and hearing must be provided. Intra- and inter-department transfers of appropriation balances are permitted upon compliance with the Fiscal Procedures Act.

The amount set forth in the final budget as the total amount of estimated revenue from property taxes constitutes the basis for determining the property tax levy to be set by the City Council for the succeeding tax year. See in the section “AD VALOREM TAX SYSTEM—Tax Levy

and Collection” herein for a description of certain matters relating to the City’s ability to levy and collect general property taxes and the procedures applicable to such levy and collection.

FINANCIAL CONTROLS

The City 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 City has also empowered the Budget 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 Budget Officer checks for sufficient funds again prior to the purchase order being issued and again before the payment check is issued. Voucher payments are also controlled by the Budget Officer for sufficient appropriations.

SOURCES OF GENERAL FUND REVENUES

Set forth below are brief descriptions of the various sources of revenues available to the City’s general fund. The percentage of total general fund revenues represented by each source is based on the City’s basic financial statements for the fiscal year ended June 30, 2025.

Taxes—Approximately 64.3% of general fund revenues are from sales, property, and other taxes.

Charges for Services—Approximately 25.9% of general fund revenues are from charges for services.

Licenses and Permits—Approximately 3.4% of general fund revenues are from licenses and permits.

Miscellaneous Revenues—Approximately 2.2% of general fund revenues are from miscellaneous revenues (e.g., sale of surplus equipment, donations, and miscellaneous fees).

Interest Income—1.9% of general fund revenues are from interest income.

Intergovernmental Revenue—Approximately 1.2% of general fund revenues are from intergovernmental revenues.

Fines and Forfeitures—Approximately 1.1% of general fund revenues are collected from fines and forfeitures.

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

The Utah Public Treasurers’ Investment Fund. A significant portion of City 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, 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 information in this section concerning the current status of the PTIF has been obtained from sources the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

See “APPENDIX A — BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025 — Notes to Financial Statements – Note 4 -Cash, Cash Equivalents and Investments.”

TAX LEVY AND COLLECTION

The Utah State Tax Commission (the “State Tax Commission”) must assess all centrally-assessed property by May 1 of each year and shall immediately notify the owners or operators of such property, and the county assessors, of such assessment. County assessors must assess all taxable property other than centrally assessed property before May 22 of each year. Before May 25, the State Tax Commission apportions the value of centrally assessed property to the various

taxing entities within each county and reports such values to county auditors before June 8. The governing body of each taxing entity must adopt a final tax rate before June 22 except as described below for rates in excess of the certified tax rate. County auditors must forward to the State Tax commission a statement prepared by the governing body of each taxing entity showing the amount and purpose of each levy.

If the State Tax Commission determines that a tax levy established by a taxing entity exceeds the maximum levy permitted by law, the State Tax Commission must lower the levy to the maximum level permitted by law, 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 board of equalization will meet to hear complaints. Within 30 days following the mailing of the notice, taxpayers owning property assessed by a county assessor may file an application 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 no later than October 1, (with extensions requiring State Tax Commission approval). Such decision may be appealed to the State Tax Commission, which must decide all appeals by March 1 of the following year. Owners of centrally assessed property, or any county with a showing of reasonable cause, may apply to the State Tax Commission on or before June 1 for a hearing to contest the assessment of centrally-assessed property. The State Tax Commission must render a written decision within 120 days following completion of the hearing and submission of all post hearing briefs. The county auditors must make a record of all changes, corrections and orders and, before November 15, must deliver the corrected assessment rolls to their respective county treasurers. By November 15, the county treasurers are to furnish to each taxpayer a notice containing the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property and the year the property is subject to a detailed review. Taxes are due November 30 or, if a Saturday, Sunday, or holiday, the following 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 the State and each taxing entity within the county its proportionate share of the taxes, on the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or \$10.00 whichever is greater. However, if the delinquent taxes and penalty are paid on or before January 31 of the following year, the penalty is only 1% of the amount of the delinquent taxes or \$10, whichever is greater. The amount of delinquent taxes and penalty bears interest at the federal discount rate in effect on January 1, plus 6% from January 1 until paid, but can be no

less than 7% and no more than 10%. If after four years from the date the taxes become delinquent and taxes have not been paid, the affected county may advertise and sell the property at a tax sale.

PUBLIC HEARING ON CERTAIN TAX INCREASES

Each taxing entity that proposes to levy a tax rate that exceeds the “certified tax rate” may do so, by 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 collected 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.

On or before July 22 of the year in which such an increase is proposed, notice of the public hearing must be mailed to all property owners and, in most cases, must be advertised electronically and by publication. The notice of the hearing 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.

AD VALOREM TAX SYSTEM

The Property Tax Act, Title 59, Chapter 2, Utah Code (the “Property Tax Act”), provides that all taxable property within the taxing entity is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its “fair market value” as of January 1 of each year, unless otherwise provided by law. “Fair market value” is defined in the Property Tax Act as “the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.” Determinations of “fair market value” shall take into account the current zoning laws applicable to the property in question. Section 3 of Article XIII of the State Constitution (the “State Constitution”) provides that the State Legislature may by law exempt from taxation up to 45% of the fair market value of residential property as defined by law. Pursuant to this provision, the State Legislature enacted legislation which became effective on January 1, 1995 providing that the “fair market value” of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The Property Tax Act provides that the State Tax Commission shall assess certain types of property (“centrally-assessed property”), including (i) properties that operate as a unit across county lines that must be apportioned among more than one county or state, (ii) public utility (including railroad) properties, (iii) airline operating properties, (iv) geothermal properties and (v) mines, mining claims and appurtenant machinery, furnishings and improvements, including oil and gas properties. All other taxable property (“locally-assessed property”) is required to be assessed by the county assessor of the county in which such locally-assessed property is located. Each county assessor must update property values annually based upon a systematic review of

current market data. Each county assessor must also complete a detailed review of property characteristics for each parcel of property at least once every five years. The Property Tax Act requires that the State Tax Commission conduct an annual investigation in each county to determine whether all property subject to taxation is on the assessment rolls and whether the property is being assessed at its “fair market value.”

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

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

Uniform Fees. An annual statewide uniform fee is levied on tangible personal property in lieu of the ad valorem tax. The uniform fee is based on either the age or the value of motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. The current uniform fee is established at 1.5% of the fair market value of motor vehicles that weigh 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, and motor homes, for which the uniform fee is 1.0% of the fair market value. Motor vehicles weighing 12,000 pounds or less are subject to an age-based fee that is due each time the vehicle is registered. The age-based fee is for passenger-type vehicles and ranges from \$10 to \$150, depending on the age of the vehicle. Recreational vehicles (except motor homes), motorcycles, watercraft (except large watercraft), snowmobiles and certain small motor vehicles required to be registered with the State are also subject to an age-based fee that ranges from \$10 to \$700, depending on the age of the vehicle. The revenues collected from the various uniform fees are distributed by the county to the taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

THREE-YEAR FINANCIAL SUMMARIES

The summaries contained herein were extracted from the City’s financial statements for the fiscal years ended June 30, 2021 through June 30, 2025. The summaries are unaudited.

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AMERICAN FORK CITY MUNICIPAL CORPORATION, UTAH
STATEMENT OF NET POSITION/NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents	\$74,959,965	\$113,799,577	\$162,426,358	\$150,089,301	152,046,462
Restricted Cash	19,905,092	—	—	—	—
Receivables	13,648,720	16,315,620	20,695,768	28,091,739	30,446,886
Inventories	15,894	10,801	11,865	12,278	16,983
Prepays	134,626	229,446	886,349	209,163	579,658
Net Pension Asset	777,889	4,624,502	809,462	714,162	518,320
Capital Assets Net of Depreciation:					
Land	25,668,141	27,113,704	29,826,158	32,945,967	45,242,236
Water Shares	36,328,963	39,454,716	39,530,958	40,549,758	40,671,798
Buildings	18,174,830	17,487,596	16,756,296	25,962,237	25,393,683
Improvements	131,965,288	140,086,715	142,223,647	166,632,128	191,290,697
Machinery and Equipment	6,760,987	6,744,285	6,979,319	8,236,856	7,941,768
Construction in Progress	13,254,033	20,684,575	38,054,329	33,804,128	23,033,265
Right of Way	<u>726,929</u>	<u>726,929</u>	<u>726,929</u>	<u>726,929</u>	<u>726,929</u>
Total Assets	<u>342,321,357</u>	<u>387,278,466</u>	<u>458,927,438</u>	<u>487,974,646</u>	<u>517,908,685</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	2,317,224	2,157,606	1,997,988	1,838,371	1,678,754
Net Pension Asset	—	540,068	—	—	—
Resources Related to Pensions	<u>1,770,902</u>	<u>2,280,953</u>	<u>3,582,673</u>	<u>5,203,176</u>	<u>4,687,419</u>
Total Deferred Outflows of Resources	<u>4,088,126</u>	<u>4,978,627</u>	<u>5,580,661</u>	<u>7,041,547</u>	<u>6,366,173</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	8,261,086	6,417,266	8,694,188	11,179,636	11,504,670
Construction Bonds and Deposits	5,618,663	5,499,357	4,964,858	4,720,931	3,506,066
Accrued Interest Payable	398,733	527,834	335,522	325,576	565,969
Unearned Revenues	674,092	634,440	2,261,412	—	—
Long-term Liabilities					
Due Within One Year	3,856,823	4,496,641	5,196,241	5,444,387	5,747,348
Due in More Than One Year	<u>59,008,486</u>	<u>54,289,816</u>	<u>90,295,252</u>	<u>88,767,759</u>	<u>84,509,579</u>
Total Liabilities	<u>77,817,883</u>	<u>71,865,354</u>	<u>111,747,473</u>	<u>110,438,289</u>	<u>105,833,632</u>
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue - Property Taxes	6,806,861	8,910,131	10,287,858	9,946,551	14,329,932
Resources Related to Pensions	<u>3,476,988</u>	<u>7,015,375</u>	<u>607,617</u>	<u>606,473</u>	<u>72,811</u>
Total Deferred Inflows of Resources	<u>10,283,849</u>	<u>15,925,506</u>	<u>10,895,475</u>	<u>10,553,024</u>	<u>14,402,743</u>
NET POSITION					
Net Investment in Capital Assets	194,465,764	213,618,211	192,879,268	263,322,291	<u>251,020,435</u>
Restricted For:					
Net pension asset	—	—	—	714,162	518,320
Debt Service	11,280,978	3,499,447	9,116,088	9,649,655	10,144,452
Impact Fees	23,851,009	43,187,825	46,588,244	44,097,621	24,719,758
Grants and Donations	1,001,405	1,001,405	1,494,017	1,494,017	720,599
Redevelopment	3,929,753	4,895,584	36,951,577	38,070,826	41,912,166
Perpetual Care	892,757	973,798	1,088,658	1,219,029	1,333,254
Unrestricted	<u>22,886,085</u>	<u>37,289,962</u>	<u>53,747,299</u>	<u>15,457,279</u>	<u>73,669,499</u>
Total Net Position	<u>\$258,307,751</u>	<u>\$304,466,232</u>	<u>\$341,865,151</u>	<u>\$374,024,880</u>	<u>\$404,038,483</u>

(Source: Information is taken from the City's audited financial statements.)

AMERICAN FORK CITY MUNICIPAL CORPORATION, UTAH
BALANCE SHEET —GOVERNMENTAL FUNDS
GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents	\$13,918,736	\$15,189,190	\$14,393,725	\$14,913,529	\$13,865,831
Receivables	8,370,195	9,566,805	11,168,344	12,554,138	12,996,413
Inventories	—	—	—	—	3,051
Prepaid Items	<u>15,633</u>	<u>12,494</u>	<u>373,685</u>	<u>112,875</u>	<u>129,929</u>
Total Assets	<u>\$22,304,564</u>	<u>\$24,768,489</u>	<u>\$25,935,754</u>	<u>\$27,580,542</u>	<u>\$26,995,224</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	1,473,940	1,886,172	1,590,769	2,100,906	2,218,992
Construction Bonds and Refunds	5,269,294	5,249,213	4,880,564	4,639,722	3,483,591
Unearned Revenue	<u>—</u>	<u>—</u>	<u>1,594</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>6,743,234</u>	<u>7,135,385</u>	<u>6,471,333</u>	<u>6,740,628</u>	<u>5,702,583</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	<u>4,331,299</u>	<u>5,440,533</u>	<u>6,475,999</u>	<u>7,179,569</u>	<u>7,212,890</u>
FUND BALANCES					
Nonspendable - Prepaid Items	15,633	12,494	373,685	112,875	129,929
Inventories	—	—	—	—	3,051
Restricted					
Developer deposits	5,269,294	5,249,213	4,880,564	4,639,722	3,483,591
Unassigned	<u>5,945,104</u>	<u>6,930,864</u>	<u>7,734,173</u>	<u>8,907,748</u>	<u>10,463,180</u>
Total Fund Balances	<u>11,230,031</u>	<u>12,192,571</u>	<u>12,988,422</u>	<u>13,660,345</u>	<u>14,079,751</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$22,304,564</u>	<u>\$24,768,489</u>	<u>\$25,935,754</u>	<u>\$27,580,542</u>	<u>\$26,995,224</u>

(Source: Information is taken from the City's audited financial statements.)

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AMERICAN FORK CITY MUNICIPAL CORPORATION, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS — GENERAL FUND
FISCAL YEARS ENDED JUNE 30, 2021 THROUGH 2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES					
Taxes	18,987,324	20,427,835	\$ 22,635,948	\$24,217,806	\$25,821,685
Licenses and Permits	2,004,823	3,030,020	1,930,213	1,528,099	1,347,180
Intergovernmental	1,486,817	289,898	782,312	538,185	491,833
Charges for Services	8,093,572	9,107,714	8,634,624	10,094,429	10,392,795
Fines and Forfeitures	391,977	394,258	355,961	360,690	428,159
Interest Earnings	83,264	119,168	685,223	1,018,904	781,265
Miscellaneous	<u>1,068,634</u>	<u>1,396,801</u>	<u>1,443,222</u>	<u>1,258,019</u>	<u>900,929</u>
Total Revenues	<u>32,116,411</u>	<u>34,765,694</u>	<u>36,467,503</u>	<u>39,016,132</u>	<u>40,163,846</u>
EXPENDITURES					
Current					
General Government	2,368,875	2,237,481	2,560,605	2,933,030	<u>3,256,882</u>
Community Services	2,880,042	2,896,499	5,121,021	5,654,447	<u>6,006,701</u>
Public Works	5,176,310	6,547,617	4,218,597	4,217,692	<u>4,207,784</u>
Public Safety	12,162,585	13,848,122	15,444,062	16,774,526	<u>18,254,560</u>
Recreation and Culture	693,868	752,932	—	—	—
Development Services	<u>470,994</u>	<u>377,363</u>	—	<u>1,546,390</u>	<u>1,570,180</u>
Total Expenditures	<u>23,752,674</u>	<u>26,660,014</u>	<u>28,739,628</u>	<u>31,126,085</u>	<u>33,296,107</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>8,363,737</u>	<u>8,105,680</u>	<u>7,727,875</u>	<u>7,890,047</u>	<u>6,867,739</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	7,365	18,619	3,415	1,700	1,600
Transfers In	3,492	53,828	37,617	51,352	52,694
Transfers Out	<u>(3,389,732)</u>	<u>(7,215,587)</u>	<u>(6,973,056)</u>	<u>(7,271,176)</u>	<u>(6,502,627)</u>
Total Other Financing Sources (Uses)	<u>(3,378,875)</u>	<u>(7,143,140)</u>	<u>(6,932,024)</u>	<u>(7,218,124)</u>	<u>(6,448,333)</u>
Net Change in Fund Balances	4,984,862	962,540	795,851	671,923	419,406
Fund Balances - July 1	<u>6,245,169</u>	<u>11,230,031</u>	<u>12,192,571</u>	<u>12,988,422</u>	<u>13,660,345</u>
Fund Balances - June 30	<u>\$11,230,031</u>	<u>\$12,192,571</u>	<u>\$12,988,422</u>	<u>\$13,660,345</u>	<u>\$14,079,751</u>

(Source: Information is taken from the City's audited financial statements.)

HISTORICAL CITY TAX RATES

	Tax Rate (Calendar Year)				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Tax Rate	<u>0.001778</u>	<u>0.001679</u>	<u>0.001687</u>	<u>0.001906</u>	<u>0.002027</u>

HISTORICAL CITY AND COMPARABLE TAX RATES

	TOTAL TAX RATE WITHIN TAXING AREA (1) (CALENDAR YEAR)				
TAX LEVYING ENTITY	2024	2023	2022	2021	2020
Alpine City .....	.001276	.001281	.001306	.001306	.001424
American Fork City.....	.001780	.001778	.001679	.001687	.001906
Cedar Fort Town .....	.000519	.000496	.000482	.000612	.000671
City of Cedar Hills .....	.001152	.001148	.001123	.001495	.001646
Eagle Mountain City .....	.000561	.000524	.000541	.000724	.000769
Highland City .....	.000787	.000794	.000817	.001122	.001216
Lehi City.....	.001148	.001153	.001189	.001429	.001451
Lindon City .....	.000846	.000853	.000907	.001116	.001174
City of Orem.....	.000877	.000893	.000925	.001094	.001166
Pleasant Grove City.....	.001258	.001284	.001303	.001497	.001602
City of Saratoga Springs .....	.001033	.001043	.001028	.001359	.001446
Town of Vineyard .....	.002811	.002842	.002903	.003329	.003249

(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.

(Source: Utah State Tax Commission.)

TAXABLE AND FAIR MARKET VALUE OF PROPERTY

American Fork City, Utah

Including Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE ⁽¹⁾	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE ⁽²⁾	% CHANGE OVER PRIOR YEAR
2024	\$5,582,404,204	8.9%	\$8,282,524,605	8.4%
2023	5,124,246,528	5.8	7,642,948,715	7.0
2022	4,841,757,629	36.8	7,145,263,038	38.8

Excluding Fee-In-Lieu/Age Based Valuation

YEAR	TAXABLE VALUE ⁽¹⁾	% CHANGE OVER PRIOR YEAR	FAIR MARKET VALUE ⁽²⁾	% CHANGE OVER PRIOR YEAR
2024	\$5,549,575,833	9.0%	\$8,249,696,234	8.4%
2023	5,092,202,167	5.7	7,610,904,354	6.9
2022	4,816,688,844	37.1	7,120,194,253	39.0

⁽¹⁾ Source: Property Tax Division, Utah State Tax Commission.

⁽²⁾ Estimated fair market value has been 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. See “FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Tax Levy and Collection.”

See “FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Historical Summaries of Taxable Values of Property.”

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HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

American Fork City, Utah Historical Summaries of Taxable Values of Property Tax Years 2022 through 2024

	2024		2023	2022
	TAXABLE VALUE	% OF T.V.	TAXABLE VALUE	TAXABLE VALUE
<i>Set by State Tax Commission— Centrally Assessed</i>				
Total centrally assessed	<u>\$ 49,715,133</u>	<u>3.8%</u>	<u>\$49,445,481</u>	<u>\$65,941,616</u>
<i>Set by County Assessor—Locally Assessed</i>				
Real property:				
Primary residential	3,295,665,042	59.0	3,074,494,925	2,812,283,210
Secondary residential	54,943,900	1.0	35,796,000	40,419,900
Commercial and industrial	1,677,059,287	30.0	1,475,975,245	1,333,515,260
FAA	2,248,209	0.0	2,194,034	2,224,520
Unimproved Non-FAA-Vacant....	<u>197,868,405</u>	<u>3.5</u>	<u>233,351,170</u>	<u>371,057,062</u>
Total real property	<u>5,227,784,843</u>	<u>93.6</u>	<u>4,821,811,374</u>	<u>4,559,499,952</u>
Personal property:				
Primary mobile homes	4,482,115	0.1	3,918,859	3,112,290
SCME ⁽¹⁾	175,450	0.0	259,223	360,954
Other business personal property .	<u>267,418,292</u>	<u>4.8</u>	<u>216,767,230</u>	<u>187,774,032</u>
Total personal property	<u>272,075,857</u>	<u>4.9</u>	<u>220,945,312</u>	<u>191,247,276</u>
Fee in lieu/age based property ⁽²⁾	<u>32,828,371</u>	<u>0.6</u>	<u>32,044,361</u>	<u>25,068,785</u>
Total taxable value	<u>\$5,582,404,204</u>	<u>100.0%</u>	<u>\$5,124,246,528</u>	<u>\$4,841,757,629</u>
Total taxable value (less fee in lieu/age based property)	<u>\$5,549,575,833</u>		<u>\$5,092,202,167</u>	<u>\$4,816,688,844</u>

(1) SCME - Semi-Conductor Manufacturing Equipment.

(2) See "FINANCIAL INFORMATION REGARDING ALPINE SCHOOL DISTRICT — Property Tax Matters."

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

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TAX COLLECTION RECORD

CITY TAX REVENUE COLLECTED

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Tax Levied for</u> <u>the Fiscal Year</u>	<u>Current Amount</u> <u>Collected</u>	<u>Percentage</u> <u>of Levy</u>	<u>Collections for</u> <u>Prior Years</u>	<u>Total Collections</u> <u>to Date</u>	<u>Total Percentage</u> <u>of Levy</u>
2020	5,719,547	5,387,654	94.20%	361,968	5,749,622	100.53%
2021	6,040,115	5,676,393	93.98%	344,970	6,021,363	99.69%
2022	5,963,234	5,577,748	93.54%	540,122	6,117,870	102.59%
2023	8,088,751	7,654,979	94.64%	477,410	8,132,389	100.54%
2024	9,032,062	8,582,635	95.02%	161,620	8,744,255	96.81%

(Source: Utah County Treasurer.)

SOME OF THE LARGEST PROPERTY TAXPAYERS IN THE CITY

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2024 Taxable</u> <u>Value (1)</u>	<u>% of the City's 2024</u> <u>Taxable Value</u>
AFCC Limited	Real Estate Development	\$121,880,300	2.4%
North Pointe Buildings LLC	Real Estate Development	55,235,200	1.1
860 Place Properties	Real Estate Development	36,498,385	0.7
Woodside Homes of Utah LLC	Real Estate Development	35,513,355	0.7
Walmart Real Estate Business Trust	Management/Development	30,332,500	0.6
Maps 1222 South 500 East UT LLC	Real Estate Development	29,537,800	0.6
Roderick Catalyst 1-3 LLC	Manufacturing	29,476,600	0.6
Spork Land LLC	Real Estate Development	28,757,900	0.6
Roderick Enterprises	Manufacturing	26,040,360	0.5
Pacificorp	Utility	<u>25,371,977</u>	<u>0.5</u>
		<u>\$418,644,377</u>	8.2%

* Total may not add due to rounding.

(1) Taxable Value used in this table *excludes* all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the State. See “FINANCIAL INFORMATION REGARDING AMERICAN FORK CITY, UTAH — Taxable and Fair Market Value of Property.”

(Source: Utah County Treasurer)

TAX EXEMPTION

FEDERAL INCOME TAXATION

In the opinion of Farnsworth Johnson PLLC (“*Bond Counsel*”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “*Code*”). In the further opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expects to deliver an opinion at the time of issuance of the Series 2026

Bonds substantially in the form set forth in “APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL” hereto.

To the extent the issue price of any maturity of the Series 2026 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2026 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2026 Bonds is the first price at which a substantial amount of such maturity of the Series 2026 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2026 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Series 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“*Premium Bonds*”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2026 Bonds. The City has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Series 2026 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2026 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2026 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2026 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2026 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2026 Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Series 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code, or court decisions may also affect the market price for, or marketability of, the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("*IRS*") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Series 2026 Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the Beneficial Owners) other than the City and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City or the Beneficial Owners to incur significant expense.

UTAH INCOME TAXATION

In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the Series 2026 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Series 2026 Bonds may result in other state and local tax consequences to certain taxpayers. Bond

Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LITIGATION

It is a condition of closing that the City execute a certificate to the effect that to the best of its knowledge, after due inquiry, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which is pending or threatened, challenging the creation, organization or existence of the City, the titles of its officers to their respective offices, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2026 Bonds are issued, the legality of the purpose for which the Series 2026 Bonds are issued or the validity of the Series 2026 Bonds or the issuance thereof or the security therefor.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “*Undertaking*”) for the benefit of the beneficial owners of the Series 2026 Bonds to send certain information annually and to provide notice of certain events to the MSRB pursuant to the requirements of paragraph (b)(5) of Rule 15c2-12 (the “*Rule*”) adopted by the Securities and Exchange Commission (the “*SEC*”) under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of Undertaking attached as APPENDIX C.

There have been no instances in the previous five years in which the City has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. See “APPENDIX C — FORM OF CONTINUING DISCLOSURE UNDERTAKING — Consequences of Failure of the Issuer to Provide Information.” A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price.

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

APPROVAL OF LEGAL PROCEEDINGS

The authorization and issuance of the Series 2026 Bonds are subject to the approval of Farnsworth Johnson PLLC, Bond Counsel to the City. Certain legal matters will be passed upon for the City by The Schriever Law Firm. The approving opinion of Bond Counsel will be delivered with the Series 2026 Bonds in substantially the form set forth in APPENDIX C of this Official Statement and will be made available upon request from the contact persons as indicated under “INTRODUCTION — Contact Persons.”

The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

BOND RATINGS

As of the date of this Official Statement, the Series 2026 Bonds have been rated “Aa2” by Moody’s Investors Service, Inc.

Any explanation of the significance of the ratings may only be obtained from the rating service furnishing the same. There is no assurance that the ratings given will be maintained for any period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

MUNICIPAL ADVISOR

The City has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the Series 2026 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2026 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 City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The financial statements for the year ended June 30, 2025, included in this Official Statement, have been audited by Larson & Company PC, independent auditors, as set forth in its report in APPENDIX A to this Official Statement.

MISCELLANEOUS

All quotations contained herein from and summaries and explanations of the State Constitution, statutes, programs and laws of the State, court decisions and the Indenture, do not purport to be complete, and reference is made to the State Constitution, statutes, programs, laws, court decisions and the Indenture 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 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 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 City.

LOCAL BUILDING AUTHORITY OF AMERICAN
FORK CITY, UTAH

AMERICAN FORK CITY, UTAH

APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The Basic Financial Statements, as extracted from the Comprehensive Annual Financial Report, June 30, 2025, are contained herein. Copies of current and prior financial statements are available upon request from the contact persons as indicated under “INTRODUCTION — Contact Persons.”

ANNUAL COMPREHENSIVE FINANCIAL REPORT



**Fiscal Year
2024-2025**



American Fork City, Utah

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City of American Fork State of Utah

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2025



Prepared by American Fork City Finance Department

CITY OF AMERICAN FORK

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CITY OF AMERICAN FORK

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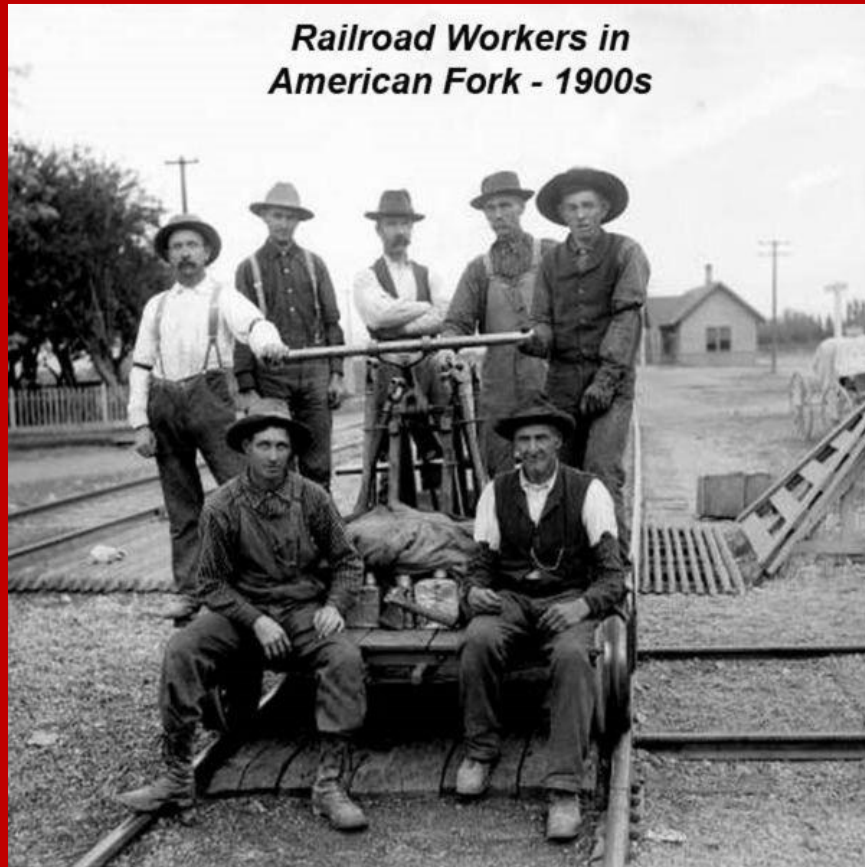
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Introductory Section

*Railroad Workers in
American Fork - 1900s*





December 16, 2025

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51 E. Main St.
American Fork, UT 84003

To the Honorable Mayor, City Council and Citizens of American Fork City,

The Annual Comprehensive Financial Report (ACFR) of the City of American Fork (the City) for the fiscal year ended June 30, 2025, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report must be annually audited by an independent firm of certified public accountants.

We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This ACFR has been prepared by the City's Finance Director. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The financial report of the City includes all the funds of the primary government (i.e., the City as legally defined), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the American Fork Redevelopment Agency and American Fork Local Building Authority are reported in this ACFR as special revenue fund.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK

Governmental Structure

The City has operated under the Six-Member Council form of government since incorporation. The powers of municipal government including policy making and legislative authority are vested in a governing council consisting of a mayor and five council members. The governing council is responsible, among other things, for passing ordinances, approving the budget, and providing "advice and consent"

for Mayoral appointments. The City Council is elected on a non-partisan basis. All council members, including the Mayor, serve four-year terms.

The City Administrator, acting as the chief administrative officer, is responsible for carrying out the policies and ordinances of the governing council, managing the internal affairs of the City including submitting an annual budget and capital improvements plan to the Mayor and Council, and for overseeing day-to-day operations of the City.

Economic Condition and Outlook

The City of American Fork, incorporated in 1853, is located in the northern region of Utah County along the Wasatch Front. The City is situated approximately 28 miles from Salt Lake City, the capital of Utah. The City is a growing suburban community encompassing approximately 10.38 square miles. The City's population is estimated at 38,549 (U.S. Census Bureau – July 1, 2023). This represents a 15.5 percent increase since 2020. We anticipate the population in American Fork will continue to increase as the City remains a desirable place to live and businesses are attracted to the technology corridor along I-15 in Utah County.

The added population has placed increased demands on services. However, the City has adopted a conservative approach to the expansion of these services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

The City has experienced an economic expansion in recent years and many developers have expressed interest in developing in American Fork. In addition, American Fork is located along the "Silicon Slopes," a collection of information technology, software development, hardware manufacturing, and research firms along the Wasatch front. The City also anticipates additional growth along Utah Transit Authority's Frontrunner commuter rail line. In fact, the City approved the amended Patriot Station Redevelopment Project Area Budget during fiscal year 2022 near the front runner station in the Transit Oriented Development (TOD) zoning area, further setting a vision for development of this area, with the first property tax increment revenue beginning in fiscal year 2024.

Despite economic uncertainties and rising inflation during the last several years, American Fork City has successfully overcome challenges anticipated during fiscal year 2025. Notwithstanding these economic pressures, the City experienced a surplus in overall net position in the amount of \$33,013,603. Factors contributing to the surplus are as follows:

Governmental Funds

Net position for governmental funds increased by \$20,550,851. The majority of the increase is due to net additions to capital assets, including a \$10 million investment in land for future park development and completion road improvements and overlays throughout the City. Other factors contributing to the increase in net position include the following:

- Overall tax revenue increased by \$2,253,648 or 7.1 percent. Although the City council adopted the Utah County certified tax rate in 2024, property tax revenue increased due to higher population and the development of more high-density residential units. Sales tax revenue also increased due to higher costs of goods and services.
- Total governmental expenses decreased \$1,488,445 or 3.3%. Although the City is growing in population and services provided, the City had fewer road and redevelopment capital projects outlay compared to prior year.

Proprietary Funds

Net position for proprietary funds increased by \$12,462,752. The majority of the increase is due to additional capital assets, including the completion of \$11.9 million in waterline system improvements throughout the City. Other factors contributing to the increase in proprietary funds net position include the following:

- Total charges for services in the proprietary funds increased by \$3,038,796 or 11.8%. These increases can be attributed to population increases as well as several rate increases to offset higher costs of services. The City increased the sewer rates to offset higher sewer services costs assessed by Timpanogos Special Sewer District. Garbage and recycling rates were also increased to offset the City's sanitation contract increases. In addition, a storm drain fee increase, approved January 1, 2022, the 2nd of 3 scheduled increases to be implemented through fiscal year 2027 to fund ongoing capital needs and compliance to the City's storm water management plan as required by state and federal regulations.

Management will continue to monitor closely the national and local economic indicators that may have an impact on the future financial position of the City. Additional information regarding the City's economic factors can be found on page 29 of the Management Discussion and Analysis.

MAJOR INITIATIVES

City Council Strategic Goals. The City Council prioritized two strategic goals to support the mission of the City. These goals are as follows:

1. Growth Planning – Promote sustainable growth while enhancing quality of life.
 - Develop and implement a City-wide dynamic open access broadband network solution available to all residents and businesses and that provides a robust array of internet service providers.
 - Status – City council approved a public/private partnership with a fiber provider. The fiber network is still in the design phase while a portion of fiber materials have been purchased.
 - Update the City's general plan. This blueprint will shape the community's long-term vision and development goals for the future.
 - Status – City council approved a professional services contract to update the general plan. The update is nearly complete with scheduled adoption in January 2026.
 - Identify the project scope of a new fire station south of I-15 (Station 5-3). Commence an initial feasibility study to determine the design and financing needs along with strategic milestones necessary to advance station development in future years.

- Status – a feasibility study is still underway with a temporary fire station location identified and land purchased until financing can be secured for the construction of a new station.
 - Prepare and develop a master conceptual plan for American Fork Downtown Revitalization. Identify essential elements of the plan and primary parcels key to the success of the revitalization plan.
 - Status – a concept design is underway with the City strategically exploring the purchase of property as it becomes available.
 - Develop plans for the expansion and redevelopment of the American Fork Fitness Center. Identify options for consideration which include renovation and/or replacement.
 - Status – staff is currently exploring community interest through resident outreach before project scope is defined.
 - Develop plans for the reconfiguration of the Public Works Facility which houses the water, sewer, storm drain, engineering, planning & zoning, streets, water and parks divisions. Complete a build-out needs assessment with engineering estimates for the construction of new facilities.
 - Status – concept designs have been prepared with financing for the project proposed to be issued in early 2026.
2. **Water Preservation - Develop ways to preserve and protect our water supply and infrastructure.**
- Continue implementation of a pressurized irrigation metering plan, including smart metering, to promote water conservation throughout the City.
 - Status – The meter installation project will be complete in fall 2025. Large meters and AMI tower installations are being installed. Irrigation usage rates are under study and expected to be implemented during the 2026 watering season.
 - Continue the design and approval process for tertiary water reuse. Coordinate with the State of Utah in developing and receiving approval for the City's water recycling program.
 - Status – The water reuse plan has been submitted to the State. The project is in the design phase while the City is working with partnering agencies to get permitting approvals.

Capital Projects. City staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensure the citizens of American Fork can live and work in a desirable environment. During fiscal year 2025, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. **Road Projects.** Several road improvement projects were completed as part of the infrastructure improvement plan.
- Phase 1 of the 200 South Improvement project was completed during fiscal year 2025. The project included road reconstruction from 570 West to 300 West and portions of Frontage Road from 200 South to Storrs Avenue. Total infrastructure costs, including water, roadway, sidewalk, storm water and pressurized irrigation totaled \$4,127,736.
 - The Segment III Road Rehabilitation project was completed along 300 North and 200 East with total project costs totaling \$4,566,868 in roadway improvements, \$1,907,659 in storm water improvements, \$1,307,979 in culinary water improvements, and \$374,655 in sewer improvements.

- An overlay project was completed totaling \$2,564,744. This project consisted of 880,000 square feet of 2" overlays with reconstruction of sidewalk, curb and gutter and replacement of ADA ramps throughout the City.
2. Park Projects. As the City's population increases, additional park space is needed in the southern portion of the City.
 - A 30-acre parcel of land was purchased for future park development along 1100 South. This parcel is a strategic location for providing essential open space for residents in that area.
 - Boat Harbor improvements began during fiscal year 2025. This project includes new asphalt and striping, new restroom, playground, jetty slope restoration, pavilions, new sand and landscaped beach area. The project is estimated to cost \$4 million and will be funded entirely through grants.
 3. Water Projects. The City continues to replace aging waterlines throughout the City.
 - The segment IV waterline project was completed with improvements totaling \$6,655,289. This project added 6,137 linear feet of 18" pipe along 800 East and 550 East.
 - Waterline was also replaced along 100 East. This project replaced 4,335 linear feet of 8" and 12" waterline pipe along with 802 linear feet of 8" sewer pipe. Total project costs were \$2,738,671.

Economic Development. The Mayor, City Council, and administration recognize the need to develop the City's economic base to provide the necessary services, i.e., recreation, roads, public safety, etc., to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. These businesses include restaurants, office buildings, retail, and industrial space.

American Fork currently has a mix of retail, light manufacturing, professional office, and commercial space, and has successfully used its Redevelopment Agencies to expand this base. Located along Interstate 15, "The Meadows," a large shopping and entertainment center located in American Fork, provides a large sales tax base for the City, and has become a destination retail hub in northern Utah County. The City is also home to several automobile dealerships and repair facilities.

North Pointe Business Park, located in American Fork, is a 100-acre business park offering high image, class A industrial space and has become a very attractive location due to its proximity to I-15 and American Fork's well-educated workforce. Many large businesses and government entities, such as Alpine School District, Utah State Developmental Center, Domo, and American Fork Hospital, to name a few, have significant operations in American Fork.

The City has tax abatement agreements with two businesses located within primary commercial corridors of American Fork. As a result of these agreements, the businesses have made improvements to their facilities which have in turn generated additional tax revenues to the City. The City entered into the agreements to enhance its retail competitive advantage and ensure long-term sustainability of its commercial tax base through incentivizing development to its highest and best use. Additional information can be found on page 84, Note 15.

The City's success in recruiting a diverse commercial base demonstrates the City's dedication to the establishment of long-term, sustained economic growth. The City will continue to encourage development using redevelopment areas when appropriate.

FINANCIAL INFORMATION

American Fork's financial statements reflect a robust and growing City. In the last five years from fiscal year 2021 to 2025, the City's total governmental funds revenues increased from \$50,097,514 to \$60,653,581, and expenditures increased from \$38,658,912 to \$61,017,344. In the last five years, the city's General Fund's revenues increased from \$32,116,411 to \$40,163,846 while General Fund expenditures increased from \$23,752,674 to \$33,296,107. In recent years, the City has been continuing efforts to control costs in an effort to fund the City's strategic priorities. It is also important to note that much of the revenue increase is due to sales tax increases. Property tax revenue also increased during fiscal year 2025 due to population and development growth. However, a property tax rate increase was not adopted.

Proprietary fund operating revenues have increased as well, rising from \$18,236,464 to \$26,696,462, while operating expenses increased from \$15,752,888 to \$19,106,199 from 2021 to 2025. Much of the operating expense increase is due to providing more services to the City's expanding population and due to contract increases from our sewer and sanitation providers. Consequently, the City increased rates for sewer and sanitation to cover higher costs of services. The expense increases are also due to addressing deferred capital infrastructure repairs and increased maintenance costs due to aging infrastructure.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring an adequate internal control structure and for documenting compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2025, disclosed no instances of internal control weaknesses.

The City's budget serves as the foundation for its financial planning and control. The City Administrator, in conjunction with City staff, prepares and submits a proposed annual budget which is presented to the City Council for review no later than the first council meeting in May. The council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 30, unless the City proposes a property tax rate in excess of the certified tax rate as calculated by Utah County. In that case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase. The certified rate as set by Utah County was adopted for fiscal year 2025.

A budget is prepared for each fund, and the General Fund is further divided into departments. Transfers of appropriations between funds or increases in revenues and expenditures require the approval of the City Council. Activities of the General Fund, special revenue funds, debt service fund, capital project funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriated amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the Statement of Net Position included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit be performed by independent certified public accountants. The firm of Larson & Company, PC was selected in 2025 by the City Council to perform this external audit. This audit was designed to meet the requirements set forth in the Utah state statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the financial statements is included in the financial section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the ACFR on a timely basis could not have been accomplished without the efforts and dedication of City staff, in particular City department directors. I would like to express my appreciation to them and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,



Anna Montoya
Finance Director

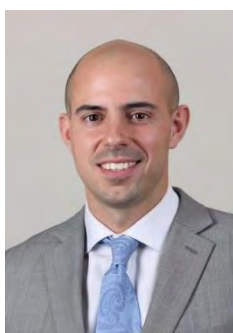
CITY OF AMERICAN FORK
List of Elected and Appointed Officials
Fiscal Year Ended June 30, 2025



Mayor
Brad Frost



Councilman
Staci Carroll



Councilman
Tim Holley



Councilman
Ryan Hunter



Councilman
Ernie John

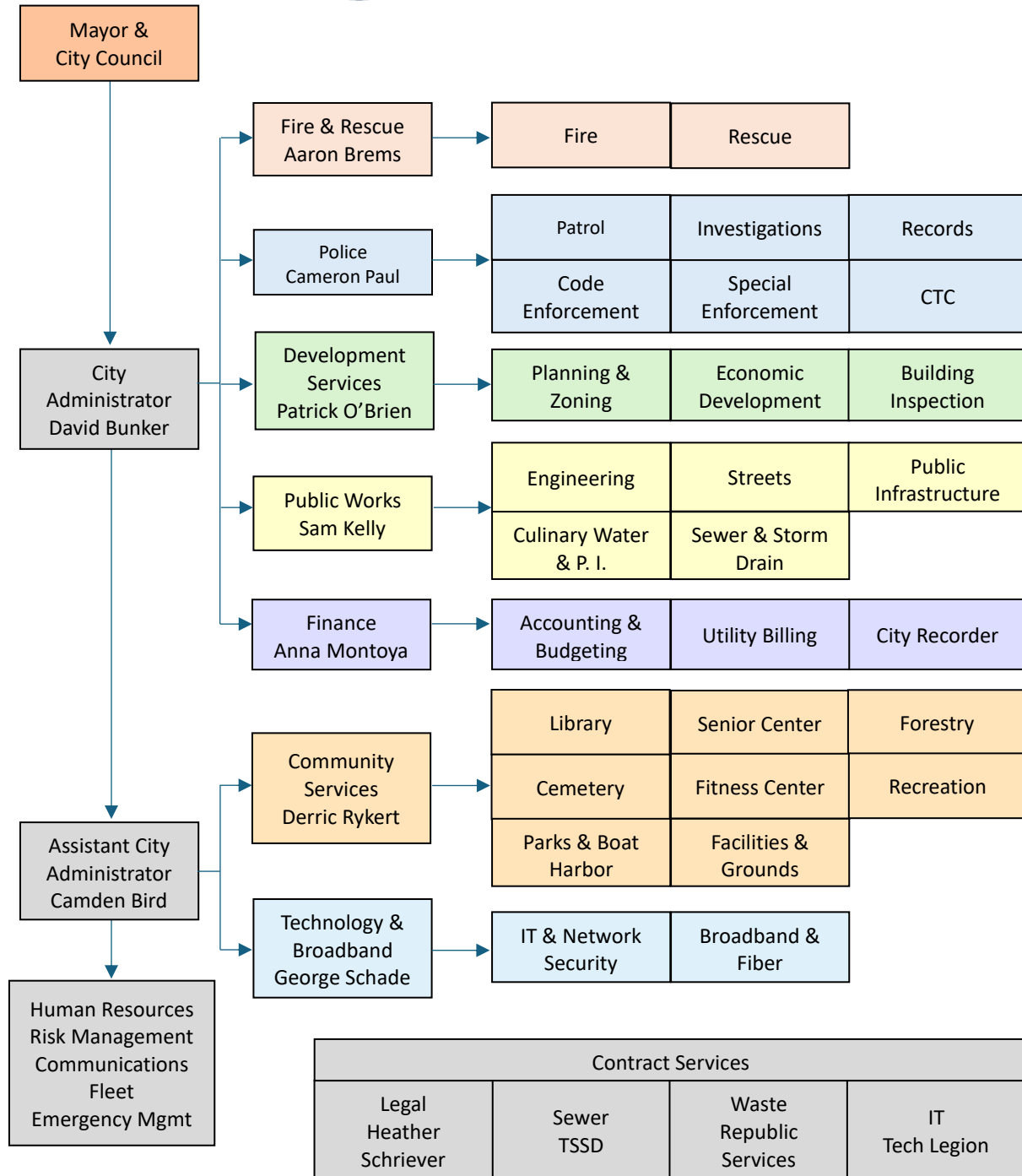


Councilman
Clark Taylor

Appointed Officials:

David H. Bunker	City Administrator
Terilyn Lurker	City Recorder
Amanda Durrant	City Treasurer
Aaron Brems	Fire Chief
Cameron Paul	Police Chief

CITY OF AMERICAN FORK
Organizational Chart
 Fiscal Year Ended June 30, 2025





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of American Fork
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Executive Director/CEO

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Financial Section



Main Street & 100 West 1884



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
American Fork City

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City ("the City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of American Fork City, as of June 30, 2025, 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.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS (and GAS), we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as indicated in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise American Fork City's basic financial statements. The nonmajor fund budget schedules and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The nonmajor fund budget schedules and the combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund budget schedules and the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and the auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of American Fork City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of American Fork City'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 American Fork City's internal control over financial reporting and compliance.



Larson & Company, PC

Spanish Fork, Utah
December 16, 2025

As management of the City of American Fork, we offer readers of the city's financial statements this narrative overview and analysis of the financial activities of the city for fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 2 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the city exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$404,038,483 (net position). Of this amount, \$73,669,499 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the City of American Fork increased by \$33,013,603. Of this increase, \$20,550,851 (62 percent) is attributable to governmental activities, mainly from addition to capital assets, unspent impact fee collections, and an increase in sales tax revenues. Business-type activities provided an \$12,462,752 increase to the city's net position primarily due to donated infrastructure and assets.
- As of the close of fiscal year 2025, the city's governmental funds reported combined ending fund balances of \$102,592,048, an increase of \$1,074,437 (1 percent). Although expenditures exceeded revenues by \$363,763, the increase is largely due to grant funding being transferred from the water fund to the capital projects fund. Of the total fund balance, \$65,852,073 (62.2 percent) is restricted or committed for certain projects.
- At the end of fiscal year 2025, assigned and unassigned fund balance of the General Fund was \$10,463,180 or 26 percent of General Fund revenues (excluding other financing sources). This is an increase of 3.2 percent compared to fiscal year 2024. Utah state law allows any balance of unrestricted funds (committed, assigned and unassigned fund balance) between 5 to 35 percent of the total revenues to be utilized for budget purposes. The city's total general fund balance is \$14,079,751, or 35 percent of general fund revenues.
- The city's total long-term obligations decreased by \$3,955,219 (4.2 percent). This decrease was due the payment of annual debt service on all city obligations.
- At the end of fiscal year 2025, the city recognized total net pension assets of \$518,320 (decrease of 27.4 percent) and total net pension liabilities of \$3,678,893, an increase of 18 percent. Much of this increase is due to salary increases and lower than expected investment returns as reported by the Utah Retirement System. More information regarding the city's retirement plans can be found in Note 9 beginning on page 71 and in the Required Supplementary Information beginning on page 91.

REPORT OVERVIEW

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information on all of the city's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the city's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the city include general government, community services, public safety, public works, recreation, culture, and other. The business-type activities of the city include public utilities (water, sewer, Storm Water, sanitation) and a broadband network.

The government-wide financial statements can be found on pages 33-34 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the city's funds can be divided into two categories: Governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

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

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into non-spendable, restricted, committed, assigned, and unassigned portions.

- *Non-spendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash.
- *Restricted* balances include net fund resources of the city that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include debt service cash held in trust, bond proceeds, donations, grant proceeds, impact fees collected, redevelopment agency funds, and perpetual care.
- *Committed* balances reflect the city's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Committed balances include cemetery plot sale revenue allocated for cemetery expansion.
- *Assigned* balances in the General Fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. In addition, fund balances appropriated in a subsequent fiscal year are also recorded as assigned fund balance.
- *Unassigned* balances in the General Fund are all other available net resources.

On June 30, 2025, the city's combined governmental fund balance is \$102,592,048 (\$1,481,305 in non-spendable, \$63,343,718 in restricted, \$580,355 in committed, \$26,810,560 in assigned, with the remaining \$10,448,109 in unassigned fund balances). There are no significant restrictions, commitments, or limitations that affect the availability of fund resources for future use. Additional details regarding governmental fund balances can be found on the governmental funds balance sheet located on page 36 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the city's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the city's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements.

The city maintains the following ten individual governmental funds:

- General
- Capital Projects
- Debt Service
- Fitness Center
- Celebration
- Redevelopment Agency
- Downtown Redevelopment
- PARC Tax
- Building Authority
- Cemetery Care

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, Redevelopment Agency Special Revenue Fund, and Capital Projects Funds, which are classified as major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are presented as supplementary information.

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds – The city maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water, sewer, Storm Water, sanitation, and broadband funds. In limited circumstances and subject to code requirements, enterprise funds may be transferred to another fund in accordance with the Utah State Code Title 10 Chapter 6 Section 135.5.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. The city uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for the water, sewer, and storm water services, which are considered major funds of the city. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Notes to the financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 45 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual comparison statements for the city's General Fund. This section also contains required supplementary information for the city's pension program. The RSI section begins on page 88.

Other Information – In addition to the above-mentioned statements and reports, this report also presents other supplementary information and a statistical section which give additional and more

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2025

detailed information to the reader. The supplemental section includes individual fund financial statements for the city's nonmajor funds, as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the city, including trend analysis for certain financial data. The supplementary section begins on page 98, and the statistical section begins on page 120.

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 the City of American Fork, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$404,038,483 as of June 30, 2025.

The largest portion of the city's net position (62.1 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, and right of way), less any related debt used to acquire those assets that is still outstanding. The city uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the city's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the city's net position:

CITY OF AMERICAN FORK
Summary of Net Position
For the Year Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 125,983,359	\$ 123,083,459	\$ 57,624,950	\$ 56,033,184	\$ 183,608,309	\$ 179,116,643
Capital Assets	157,208,745	138,506,731	177,091,631	170,351,272	334,300,376	308,858,003
Total Assets	283,192,104	261,590,190	234,716,581	226,384,456	517,908,685	487,974,646
Total Deferred Outflows of Resources	4,776,173	4,768,937	2,122,619	2,272,610	6,898,792	7,041,547
Current Liabilities Outstanding	8,158,077	10,235,484	7,418,628	5,990,659	15,576,705	16,226,143
Long Term Liabilities	42,808,687	44,056,362	47,448,240	50,155,784	90,256,927	94,212,146
Total Liabilities	50,966,764	54,291,846	54,866,868	56,146,443	105,833,632	110,438,289
Total Deferred Inflows of Resources	14,329,932	9,946,551	605,430	606,473	14,935,362	10,553,024
Net Investment in Capital Assets	119,279,602	98,680,292	131,740,833	131,632,337	251,020,435	230,312,629
Restricted	61,711,701	77,035,674	17,636,848	18,209,636	79,348,549	95,245,310
Unrestricted	41,680,278	39,614,560	31,989,221	22,062,177	73,669,499	61,676,737
Total Net Position	\$ 222,671,581	\$ 202,120,730	\$ 181,366,902	\$ 171,904,150	\$ 404,038,483	\$ 374,024,880

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2025

An additional portion of the city's net position (18.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$73,669,499 may be used to meet the government's ongoing obligations to citizens and creditors.

For fiscal year ending June 30, 2025, the city can report positive balances in all three categories of net position for the government as a whole. Positive balances for all three categories are also reported for the water, sewer, Storm Water, and sanitation funds. The Broadband Fund reports negative unrestricted fund balance. The city is evaluating long-term options for this fund and continues to subsidize current year operations from the General Fund in fiscal year 2025.

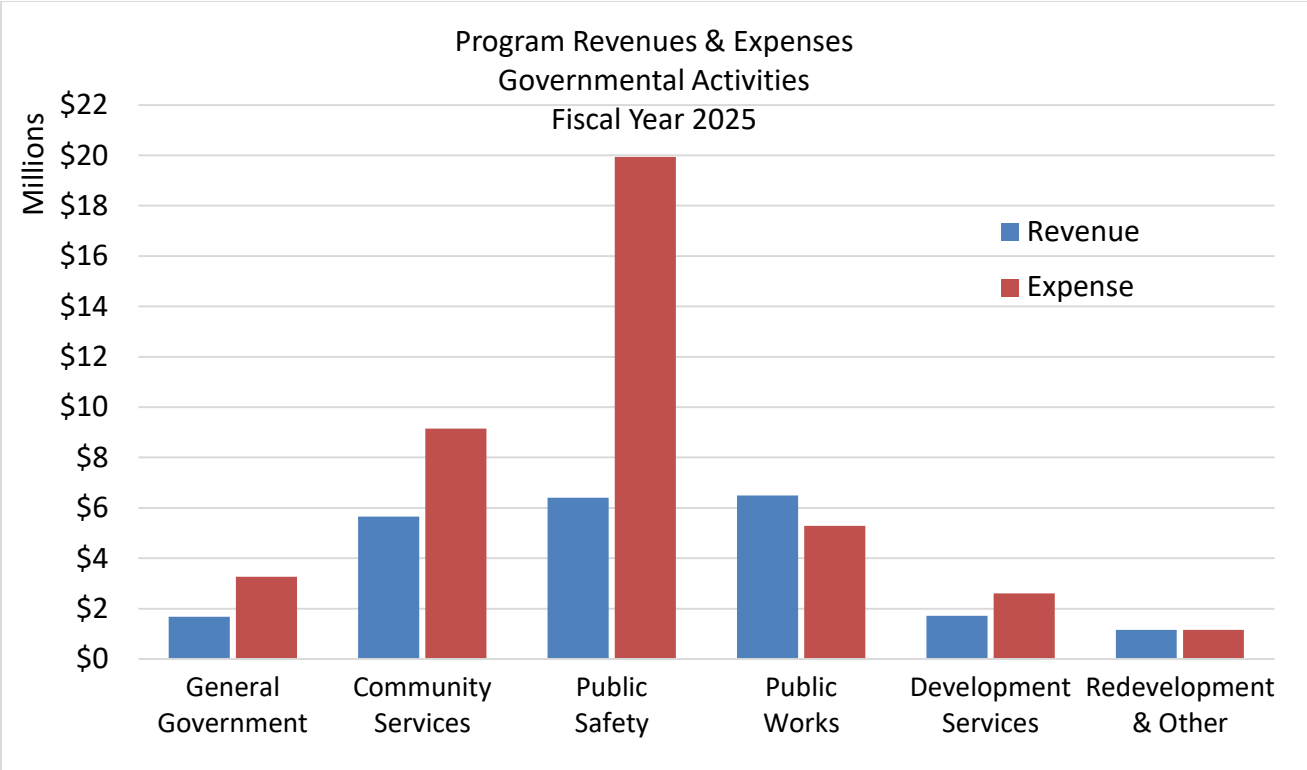
Analysis of the City's Operations – The following table provides a summary of the city's operations for the year ended June 30, 2025:

CITY OF AMERICAN FORK
Summary of Changes in Net Position
For the Period Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for Services	\$ 16,480,896	\$ 16,485,053	\$ 28,684,341	\$ 25,645,545	\$ 45,165,237	\$ 42,130,598
Operating Grants and Contributions	464,408	584,768	-	-	464,408	584,768
Capital Grants and Contributions	6,142,037	5,631,116	5,695,886	8,973,979	11,837,923	14,605,095
General Revenues:						
Property Taxes	11,863,668	11,051,826	-	-	11,863,668	11,051,826
Other Taxes	21,946,571	20,504,765	-	-	21,946,571	20,504,765
Other	4,905,224	5,467,200	-	-	4,905,224	5,467,200
Total Revenues	61,802,804	59,724,728	34,380,227	34,619,524	96,183,031	94,344,252
Expenses:						
General Government	3,260,902	2,863,073	-	-	3,260,902	2,863,073
Community Services	9,153,810	10,561,730	-	-	9,153,810	10,561,730
Public Safety	19,943,264	17,773,698	-	-	19,943,264	17,773,698
Public Works	5,282,880	6,207,383	-	-	5,282,880	6,207,383
Development Services	2,599,673	2,620,731	-	-	2,599,673	2,620,731
Redevelopment/Public Improvements	587,334	2,493,556	-	-	587,334	2,493,556
Other	333,645	327,042	-	-	333,645	327,042
Interest on Long-Term Debt	1,739,366	1,542,106	-	-	1,739,366	1,542,106
Water	-	-	8,921,970	7,777,205	8,921,970	7,777,205
Sewer	-	-	6,416,507	5,096,579	6,416,507	5,096,579
Storm Drain	-	-	2,160,242	2,252,591	2,160,242	2,252,591
Sanitation	-	-	2,359,907	2,232,314	2,359,907	2,232,314
Broadband	-	-	409,928	436,515	409,928	436,515
Total Expenses	42,900,874	44,389,319	20,268,554	17,795,204	63,169,428	62,184,523
Increase (Decrease) in Net Position Before Transfers	18,901,930	15,335,409	14,111,673	16,824,320	33,013,603	32,159,729
Transfers	1,648,921	(501,967)	(1,648,921)	501,967	-	-
Increase in Net Position	20,550,851	14,833,442	12,462,752	17,326,287	33,013,603	32,159,729
Net Position - Beginning	202,120,730	187,287,288	168,904,150	151,577,863	371,024,880	338,865,151
Net Position - Ending	\$ 222,671,581	\$ 202,120,730	\$ 181,366,902	\$ 168,904,150	\$ 404,038,483	\$ 371,024,880

Governmental Activities – Governmental activities increased the city’s net position by \$20,550,851. Key elements affecting governmental activities net position are as follows:

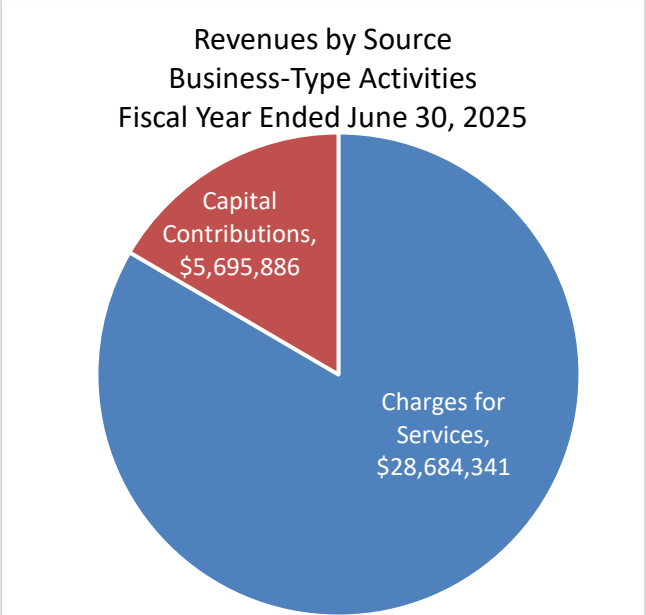
- General Fund revenues exceeded expenditures by \$6,867,739 during fiscal year 2025. The increase can be attributed to the city receiving more revenues than anticipated, including tax revenue exceeding budgeted estimates by \$1,429,313, and General Fund expenditures coming in below budget by \$3,558,183.



- The city’s governmental funds capital projects funds decreased net position by \$8,929,948. Capital projects fund highlights are as follows:
 - During fiscal year 2025, the city’s governmental funds expended \$19,347,264 of capital outlay. Several multi-year road and parks projects were completed or near completion during the fiscal year. These projects include the purchase of 30 acres or future park land and road improvements on both 100 West and Automall Drive. Construction in progress in governmental activities at the end of fiscal year 2024 totaled \$12,383,818.
 - The city began construction on boat harbor improvements during the current fiscal year. The \$4 million improvement project includes new restrooms, playground area, entrance booth replacement, improved parking, jetty slope restoration, pavilions, and new sand and landscaped beach area.

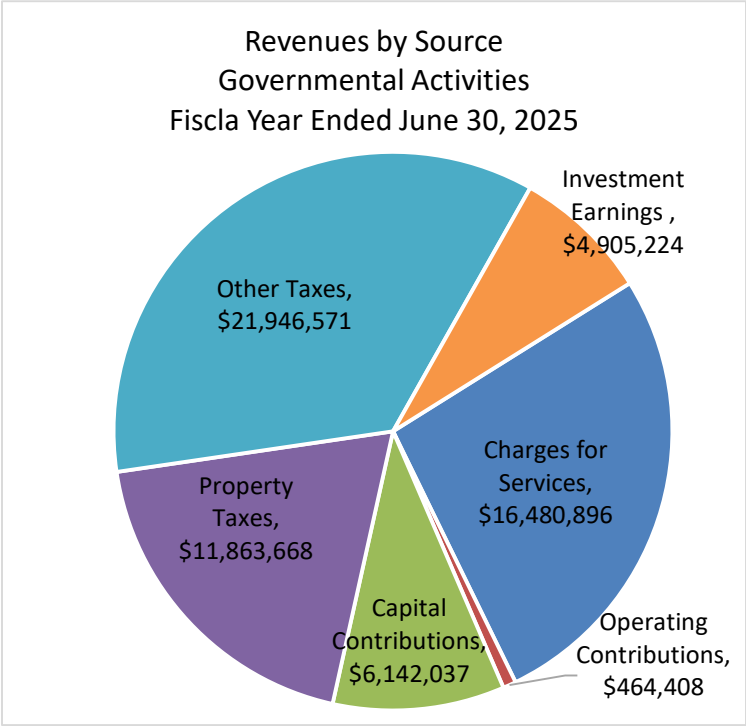
Business-Type Activities – Business-type activities increased the city’s net position by \$12,462,752, which represents a decrease of \$4,863,535 over the previous year’s change. Key elements of the increase for fiscal year 2025 in business-type net position are as follows:

- During fiscal year 2025, the city’s utility funds received \$4,137,586 of capital contributions from developers which includes water, sewer, and Storm Water lines and donated water rights.
- Impact fee revenue of \$1,274,461 was received. This revenue offsets previous negative impact fee balances in the Water Fund and is being accumulated in the Sewer and Storm Water Funds for future projects identified in the Impact Fee Facilities Plans (IFFP).
- Operating income was \$7,590,263 in the utility funds during the year, which adds to the net position to be used for future capital purposes.



FUND FINANCIAL ANALYSIS

Governmental Funds - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful



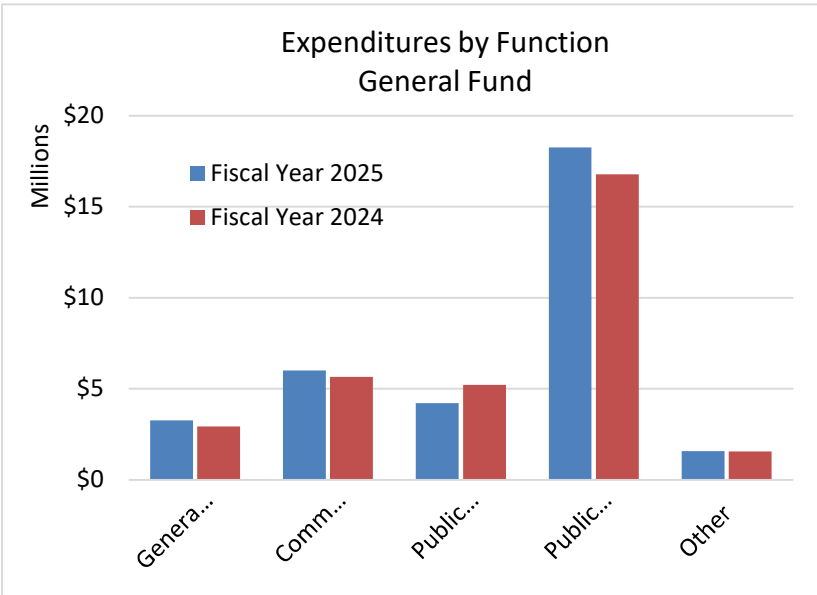
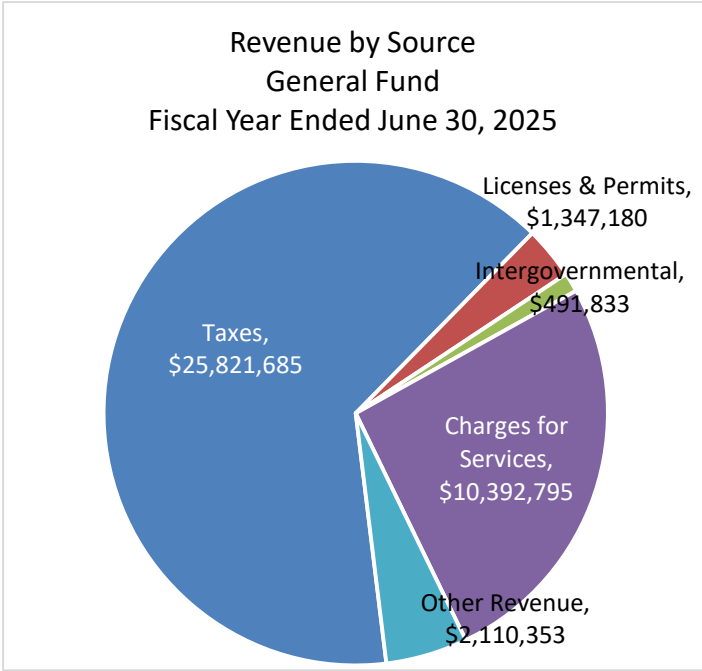
measure of a government’s net resources available for spending at the end of the fiscal year.

As of June 30, 2025, the city’s governmental funds (general, capital projects, redevelopment agency, and nonmajor funds) reported combined fund balances of \$102,592,048. This represents an increase of \$1,074,437 from last year’s ending balances. Although the capital projects funds had a net decrease of \$3.5 million due to park and road improvement projects during the year, the other governmental funds, including the general fund, all had net increases due to higher than anticipated sales tax and investment revenue.

The total *unassigned fund balance* of the governmental funds totaled \$10,448,109 and is available for spending at the city’s discretion. *Committed* fund balance totals \$508,355, 0.5 percent, of fund balance. This balance is committed for cemetery expansion projects. *Assigned fund* balance totals \$26,810,560 (26.1 percent), meaning the city intends to use this amount for specific purposes which may include capital projects, PARC tax grant awards, downtown redevelopment, municipal building authority, and/or subsequent year appropriations. Fund balance of \$63,343,718 (61.7 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for debt service, impact fee eligible capital projects, redevelopment, and refunding developer construction bonds. The city also has prepaid items, inventory, and cemetery perpetual care balances in the amount of \$1,481,305, which is classified as *non-spendable* fund balance.

General Fund

The General Fund is the chief operating fund of the city. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (excluding other financing sources and uses) in the General Fund by \$6,867,739 during the year. Total general fund balance on June 30, 2025, is \$14,079,751, or 35 percent of general fund revenues, the maximum allowed by state law.



Taxes continue to be the largest source of revenue in the General Fund and represent 64.3 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 56.7 percent of total tax revenues and 36.4 percent of total General Fund revenues. This compares with 35.3 percent of total General Fund revenues in the prior fiscal year ended June 30, 2024.

General Fund expenditures increased during fiscal year 2025, going from \$31,126,085 in 2024 to \$33,296,107 in 2025, an increase of 6.9 percent. Public

safety accounted for much of the increase due to increased wages and the addition of fire and police personnel. Vehicle replacement charges, merit raises for eligible employees, and health insurance increases, also contributed to the higher expenditures.

Other Governmental Funds

Fund balance in the Capital Projects Fund decreased \$3,548,849 to \$43,636,545 for fiscal year ending June 30, 2025. Restricted fund balance includes \$16,816,989, or 38.5 percent, for impact fee eligible capital projects, and \$720,599, or 1.7 percent, is restricted PARC tax projects awarded to the city for parks, recreation and library projects. In addition, \$25,590,601 is assigned for projects to be completed in the fiscal year 2025-2026.

Property tax collections from redevelopment areas increased 15.3 percent compared with fiscal year 2024 to a total of \$3,135,041. This increase is due to higher property valuations resulting in more tax increment revenue collected for the Patriot Station Project Area. The Redevelopment Agency (RDA) Fund balance increased by \$3,841,340 to a total of \$41,912,166, a 10.0 percent increase. The increase is due to delays in 200 South Road reconstruction in the Patriot Station Project Area. This is a multiyear capital project which will continue into next fiscal year. Redevelopment fund balance is set aside for future housing and planned infrastructure projects, as outlined in the project area plans.

PARC (Parks, Arts, Recreation, and Culture) Tax Fund balance increased \$218,293 during the fiscal year 2025. This increase was due to PARC tax revenue exceeding anticipated revenue. The current year 2025 fund balance is \$1,106,511.

Fitness Center Fund balance remained a \$0 for the current year. Any operational deficit is subsidized by the general fund each year.

Debt service fund balance increased by \$24,719. All debt service is funded through ad valorem property tax and a transfer from public safety impact fees.

Proprietary Funds - The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net position for the Water Fund is \$4,552,155, \$24,571,590 for the Sewer Fund, \$3,613,503 for the Storm Water Fund, \$734,297 for the Sanitation Fund, and (\$1,785,021) for the Broadband Fund. Unrestricted net position is accumulated for current and future capital projects, along with funding target operating reserves (20 percent of revenues).

The Water Fund's net position increased by \$3,852,993 during fiscal year 2025. The net increase is due partially to capital contributions from development infrastructure in the amount of \$2,472,270. Of the total net position of \$121,820,790, \$102,546,944 is restricted for investment in capital assets, with \$4,987,612 being restricted for impact fees capital improvements and \$9,734,079 restricted for debt service. Also, during fiscal year 2025, net position in the Sewer Fund increased by \$5,581,528, which will be used in part to fund capital projects in future fiscal years.

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2025

During fiscal year 2025 the Storm Water Fund saw an increase in unrestricted net position of \$2,631,811, which will be used for future capital projects and management of an continued implementation of a mandated Storm Water Pollution Prevention Plan. The Sanitation Fund saw the net position increase by \$174,614, which funds operating costs assessed by the city's third-party sanitation treatment provider. Finally, the Broadband Fund saw an increase in unrestricted net position of \$11,915. The city is currently evaluating long-term opportunities for the Broadband Fund to address the net position deficit the fund is currently experiencing. Current deficits are being subsidized by a transfer from the General Fund.

Internal service funds are used to manage services provided to city departments. These services include fleet and information technology. Unrestricted net position in the Information Technology Fund is \$429,788 on June 30, 2025, which will be used for future equipment replacement. Unrestricted net position in the Fleet Fund increased \$219,325 during fiscal year 2025. The increase will help fund future purchase of replacement vehicles.

Additional factors concerning the finances of these funds have already been addressed in the discussion of the city's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$34,181,498 to a final budget total of \$35,141,548, a 2.8 percent difference. All departments monitor their budgets closely and are required to stay within their approved appropriations. Budget adjustments made during the year can be summarized as follows:

- Community Services increased by \$460,746. The parks and cemetery departments received an additional \$234,700 for higher utility and maintenance costs for city facilities. The library, senior center, parks, and cemetery had combined increases of \$214,546 in programming costs with additional staffing and support services.
- General Services increased by \$140,000 due to higher than anticipated insurance premiums and consulting fees for the school district split.
- Public Safety increased by \$549,604 with unanticipated overtime and higher fuel and vehicle repair costs for both police and fire departments.

General Fund budgeted revenues were amended from \$36,046,588 to \$38,451,104, an increase of \$2,404,516, or 6.7 percent. Highlights of this increase include:

- Sales tax was budgeted conservatively due to economic uncertainties. A budget adjustment was made in the amount of \$1,775,500 to additional sales tax received in fiscal year 2025.
- Investment earnings were higher than anticipated. A budget amendment of \$344,598 was made to reflect the additional revenue.

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2025

- Charges for services was amended by \$203,193 to reflect increased revenue for police services, and usage for cemetery and parks fees.

During the year, actual revenues were more than budgeted revenues by \$1,712,742. Total tax revenue received was higher than anticipated, including property tax higher than anticipated by \$254,116, sales and use tax in the amount of \$543,450 and energy sales and use tax of \$469,602. Property taxes received were higher than anticipated due to higher growth and payment of delinquent property tax revenue. Energy sales and use tax was also higher due to higher use, population growth, and increased energy rates.

Actual expenditures were less than budgeted expenditures by \$1,845,441. Public works had savings of \$843,088 from several vacancies in engineering as well as unspent budget in street and sidewalk repair. In addition, the development services department had savings of \$498,700 due to plan check services expense being less than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The City of American Fork's capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$334,300,376 (net of accumulated depreciation). Capital assets include land, water shares, buildings, improvements, machinery & equipment, right of way, and construction in progress. The city's capital assets for the current year increased by \$25,442,373 or 8.2 percent (a 11.4 percent increase for governmental activities and a 1.0 percent increase for business-type activities).

CITY OF AMERICAN FORK
Capital Assets, Net of Depreciation
June 30, 2025

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 41,662,107	\$ 30,152,750	\$ 3,580,129	\$ 2,793,217	\$ 45,242,236	\$ 32,945,967
Water Shares			40,671,798	40,549,758	40,671,798	40,549,758
Buildings	24,788,300	25,335,963	605,383	626,274	25,393,683	25,962,237
Improvements	70,730,901	60,776,855	120,559,796	105,855,273	191,290,697	166,632,128
Machinery and Equip.	6,916,690	7,238,638	1,025,078	998,218	7,941,768	8,236,856
Const. in Progress	12,383,818	14,275,596	10,649,447	19,528,532	23,033,265	33,804,128
Right of Way	726,929	726,929	-	-	726,929	726,929
Total Capital Assets	\$ 157,208,745	\$ 138,506,731	\$ 177,091,631	\$ 170,351,272	\$ 334,300,376	\$ 308,858,003

Major capital asset events during fiscal year 2025 include the following:

- Land purchases totaled \$11,509,357 for future park improvements, including a 30-acre parcel in the southwest portion of the city.

CITY OF AMERICAN FORK
Management Discussion and Analysis
Fiscal Year Ended June 30, 2025

- The majority of \$9,954,047 increases to improvements was due to several street improvement projects. Improvements were made to 200 South, overlays throughout the city, and road rehabilitation on 300 North and 200 East.
- Improvements in business-type activities totaled \$14,704,388. Waterline improvements accounted for the majority of the increase. These waterline improvements were located at 100 East, 200 South, 300 West and other locations throughout the city. 21,740 linear feet of 8 inch to 18-inch size pipe was replaced.
- Construction in progress was decreased as projects were completed this fiscal year and included in additions for both governmental and business type capital asset additions.

Additional information on the city's capital assets can be found in Note 7 on page 64-65 of this report.

Long-term debt - As of June 30, 2025, the city had total long-term debt outstanding of \$90,256,927, including unamortized bond premium of \$4,080,775, \$632,922 in financed purchases outstanding, net pension liability of \$3,678,893, and \$1,619,337 compensated absences obligations. The outstanding bonded debt represents both general obligation bonds and revenue bonds secured solely by specified revenue sources.

CITY OF AMERICAN FORK
Outstanding Debt
June 30, 2025

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 6,320,000	\$ 6,695,000	\$24,725,000	\$26,725,000	\$31,045,000	\$33,420,000
Revenue Bonds	28,933,000	30,048,000	20,267,000	20,855,000	49,200,000	50,903,000
Unamortized Bond Premium	2,043,222	2,152,318	2,037,553	2,241,308	4,080,775	4,393,626
Net Pension Liability	3,375,165	2,908,494	303,728	208,491	3,678,893	3,116,985
Financed Purchases	632,922	931,121	-	-	632,922	931,121
Compensated Absences	1,504,378	1,321,429	114,959	125,985	1,619,337	1,447,414
Total Debt	\$42,808,687	\$44,056,362	\$47,448,240	\$50,155,784	\$90,256,927	\$94,212,146

The city's total long-term bonded and financed purchased debt outstanding decreased by \$3,955,219 during the fiscal year, a decrease of 4.2 percent. The decreases during fiscal year 2025 are due to the reduction of debt through annual debt service payments and decreases of unamortized bond premiums.

The city has an "Aa2" rating for its general obligation debt from Moody's Investor Service and an AA+ rating from Standard & Poor's Financial Services Inc for the Redevelopment Agency Subordinated Sales Tax and Tax Increment Bonds Series 2022.

Additional information on the city's long-term debt can be found in Note 8 on pages 65-71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The June 2025 unemployment rate for Utah County was 3.9 percent, no change from last year. This compares with a national unemployment rate of 4.1 percent and a state of Utah unemployment rate of 3.2 percent. (Source: U.S Bureau of Labor Statistics). With low unemployment, the competitive labor market affects the city's ability to hire and retain employees, especially in the public safety and engineering sectors.
- The city has experienced a smaller increase in the cost of goods and services over the last twelve months compared to previous years. The consumer price index for the West Region increased 2.7 percent last year (June 2025). However, the index has increased 22.9 percent since June 2021. (Source: U.S Bureau of Labor Statistics). The increase in prices continue to affect the budget for several ongoing and future capital projects.
- General Fund revenues (excluding transfers in) of \$40,163,846 for the fiscal year ending June 30, 2025 reflect an increase of \$1,147,714. Most of this increase is due to an increase in sales tax revenue due to higher growth and higher costs of goods and services. Sales tax revenues exceeded revenue estimates due to conservative budgeting. Estimates will be evaluated throughout the next fiscal year to determine if revenues will continue to see the same growth in coming years. Property tax has also increased due to population growth and development of high-density housing.
- A revised fee schedule was passed during the fiscal year 2025, with only minor changes. Facility rental, fitness center, and cemetery lot fees for nonresidents increased. In addition, minor changes to planning and zoning fees were revised and punitive fees for building permit noncompliance were added.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of American Fork's finances for all those with an interest in the city's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of American Fork, Anna Montoya - Finance Director, 51 E Main St, American Fork, UT 84003-2381, or call (801) 763-3000, or e-mail amontoya@americanfork.gov.

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Basic Financial Statements

Presbyterian Church 1880s



1877 Rev George Bird arrived in American Fork to begin activities for the Presbyterian Church. Construction began with the cornerstone for the completed building laid in September 1881 by Rev Thomas Day. The building has been used continuously as a Presbyterian Church since its construction as well as a school until 1909. It was restored in 1980 and is prominently featured in the movie Footloose.



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**



CITY OF AMERICAN FORK
Statement of Net Position

June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 103,142,622	\$ 48,903,840	\$ 152,046,462
Receivables	22,676,305	7,770,581	30,446,886
Internal Balances	(605,657)	605,657	-
Inventories	16,983	-	16,983
Prepaid Expenses	234,786	344,872	579,658
Net Pension Asset	518,320	-	518,320
Capital Assets Net of Depreciation:			
Land	41,662,107	3,580,129	45,242,236
Water Shares and Rights	-	40,671,798	40,671,798
Buildings and Structures	24,788,300	605,383	25,393,683
Bridges	-	1,327,465	1,327,465
Improvements	70,730,901	119,232,331	189,963,232
Machinery and Equipment	6,916,690	1,025,078	7,941,768
Construction in Progress	12,383,818	10,649,447	23,033,265
Right of Way	726,929	-	726,929
Total Assets	<u>283,192,104</u>	<u>234,716,581</u>	<u>517,908,685</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	1,678,754	1,678,754
Resources Related to Pensions	4,243,554	443,865	4,687,419
Total Deferred Outflows of Resources	<u>4,243,554</u>	<u>2,122,619</u>	<u>6,366,173</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,373,664	7,131,006	11,504,670
Construction Bonds and Deposits	3,483,591	22,475	3,506,066
Accrued Interest Payable	300,822	265,147	565,969
Long-term Liabilities			
Due Within One Year	2,969,562	2,777,786	5,747,348
Due in More Than One Year	39,839,125	44,670,454	84,509,579
Total Liabilities	<u>50,966,764</u>	<u>54,866,868</u>	<u>105,833,632</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	14,329,932	-	14,329,932
Resources Related to Pensions	(532,619)	605,430	72,811
Total Deferred Inflows of Resources	<u>13,797,313</u>	<u>605,430</u>	<u>14,402,743</u>
NET POSITION			
Net Investment in Capital Assets	119,279,602	131,740,833	251,020,435
Restricted For:			
Expendable			
Net Pension Asset	518,320	-	518,320
Debt Service	410,373	9,734,079	10,144,452
Capital Improvements-Impact Fees	16,816,989	7,902,769	24,719,758
Grants and Donations	720,599	-	720,599
Redevelopment	41,912,166	-	41,912,166
Nonexpendable - Perpetual Care	1,333,254	-	1,333,254
Unrestricted (Deficit)	41,680,278	31,989,221	73,669,499
Total Net Position	<u>\$ 222,671,581</u>	<u>\$ 181,366,902</u>	<u>\$ 404,038,483</u>

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

CITY OF AMERICAN FORK

Statement of Activities

Fiscal Year Ended June 30, 2025

Functions/Programs: Primary Government	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental:							
General Government	\$ 3,260,902	\$ 1,650,883	\$ 21,262	\$ -	\$ (1,588,757)	\$ -	\$ (1,588,757)
Community Services	9,153,810	3,516,649	166,572	1,966,413	(3,504,176)	-	(3,504,176)
Public Safety	19,943,264	5,831,522	276,574	301,628	(13,533,540)	-	(13,533,540)
Public Works	5,282,880	2,622,638	-	3,873,996	1,213,754	-	1,213,754
Development Services	2,599,673	1,709,172	-	-	(890,501)	-	(890,501)
Redevelopment/Public Improvement	587,334	-	-	-	(587,334)	-	(587,334)
Other	333,645	1,150,032	-	-	816,387	-	816,387
Interest on Long-Term Debt	1,739,366	-	-	-	(1,739,366)	-	(1,739,366)
Total Governmental Activities	42,900,874	16,480,896	464,408	6,142,037	(19,813,533)	-	(19,813,533)
Business-Type:							
Water	8,921,970	10,912,159	-	3,384,601	-	5,374,790	5,374,790
Sewer	6,416,507	11,525,839	-	903,952	-	6,013,284	6,013,284
Storm Drain	2,160,242	3,492,870	-	1,407,333	-	2,739,961	2,739,961
Sanitation & Recycling	2,359,907	2,541,664	-	-	-	181,757	181,757
Broadband	409,928	211,809	-	-	-	(198,119)	(198,119)
Total Business-Type Activities	20,268,554	28,684,341	-	5,695,886	-	14,111,673	14,111,673
Total Primary Government	\$ 63,169,428	\$ 45,165,237	\$ 464,408	\$ 11,837,923	(19,813,533)	14,111,673	(5,701,860)
General Revenues:							
Property Taxes					11,863,668	-	11,863,668
Sales and Use Tax					18,399,825	-	18,399,825
Energy Sales and Use Tax					2,669,602	-	2,669,602
Other Taxes					877,144	-	877,144
Unrestricted Investment Earnings					4,905,224	-	4,905,224
Transfers					1,648,921	(1,648,921)	-
Total General Revenues and Transfers					40,364,384	(1,648,921)	38,715,463
Change in Net Position					20,550,851	12,462,752	33,013,603
Net Position - Beginning, as previously reported					202,120,730	171,904,150	374,024,880
Error Correction					-	(3,000,000)	(3,000,000)
Net Position - Beginning, as restated					202,120,730	168,904,150	371,024,880
Net Position - Ending					\$ 222,671,581	\$ 181,366,902	\$ 404,038,483

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants, transfers from the General Fund, and interest earnings are the principal sources of funding for these projects.

Redevelopment Fund

The Redevelopment Fund is used to account for activities of the Redevelopment Agency. The Agency is an entity established to further public purposes in the redevelopment of specific city areas.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 93.



CITY OF AMERICAN FORK
Balance Sheet

Governmental Funds

June 30, 2025

	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 13,865,831	\$ 42,842,138	\$ 9,975,669	\$ 3,155,402	\$ 69,839,040
Restricted Cash	-	-	31,988,118	-	31,988,118
Receivables	12,996,413	6,061,746	2,703,329	914,817	22,676,305
Inventories	3,051	-	-	13,932	16,983
Prepaid Items	129,929	-	-	1,139	131,068
Due From Other Funds	-	-	-	241,640	241,640
Total Assets	<u>\$ 26,995,224</u>	<u>\$ 48,903,884</u>	<u>\$ 44,667,116</u>	<u>\$ 4,326,930</u>	<u>\$ 124,893,154</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 2,218,992	\$ 1,182,093	\$ 51,621	\$ 793,237	\$ 4,245,943
Construction Bonds and Refunds	3,483,591	-	-	-	3,483,591
Due to Other Funds	-	241,640	-	-	241,640
Total Liabilities	<u>5,702,583</u>	<u>1,423,733</u>	<u>51,621</u>	<u>793,237</u>	<u>7,971,174</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	<u>7,212,890</u>	<u>3,843,606</u>	<u>2,703,329</u>	<u>570,107</u>	<u>14,329,932</u>
FUND BALANCES					
Nonspendable					
Inventories	3,051	-	-	13,932	16,983
Prepaid Items	129,929	-	-	1,139	131,068
Perpetual Care	-	-	-	1,333,254	1,333,254
Restricted					
Debt Service	-	-	-	410,373	410,373
Impact Fees	-	16,816,989	-	-	16,816,989
PARC Tax Distribution	-	720,599	-	-	720,599
Redevelopment	-	-	41,912,166	-	41,912,166
Developer Deposits	3,483,591	-	-	-	3,483,591
Committed - Cemetery Expansion	-	508,355	-	-	508,355
Assigned					
Capital Projects	-	25,590,601	-	-	25,590,601
PARC Tax	-	-	-	1,106,511	1,106,511
Downtown Redevelopment	-	-	-	112,827	112,827
Municipal Building Authority	-	-	-	621	621
Unassigned	<u>10,463,180</u>	<u>-</u>	<u>-</u>	<u>(15,071)</u>	<u>10,448,109</u>
Total Fund Balances	<u>14,079,751</u>	<u>43,636,545</u>	<u>41,912,166</u>	<u>2,963,586</u>	<u>102,592,048</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,995,224</u>	<u>\$ 48,903,884</u>	<u>\$ 44,667,116</u>	<u>\$ 4,326,930</u>	<u>\$ 124,893,154</u>

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

CITY OF AMERICAN FORK

Reconciliation of The Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2025

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

Total Fund Balances - Governmental Funds	<u>\$ 102,592,048</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,825,193
Other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to funds.	518,320
Internal service funds are used by the City to charge the costs of the fleet operations to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	5,066,537
A portion of the excess expenses incurred by the internal service funds must be collected from the business-type activities.	(605,660)
Other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.	1,401,008
Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.	<u>(39,125,865)</u>
Net Position of Governmental Activities	<u><u>\$ 222,671,581</u></u>

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

CITY OF AMERICAN FORK
Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 25,821,685	\$ 2,542,610	\$ 3,135,041	\$ 2,310,902	\$ 33,810,238
Licenses and Permits	1,347,180	-	-	-	1,347,180
Intergovernmental	491,833	4,244,147	-	350,000	5,085,980
Charges for Services	10,392,795	-	-	2,091,231	12,484,026
Fines and Forfeitures	428,159	-	-	-	428,159
Interest Earnings	781,265	1,986,497	1,942,045	196,258	4,906,065
Impact Fees	-	1,320,484	-	-	1,320,484
Capital Contributions	-	280,376	-	-	280,376
Miscellaneous	900,929	43,202	-	46,942	991,073
Total Revenues	40,163,846	10,417,316	5,077,086	4,995,333	60,653,581
EXPENDITURES					
Current					
General Government	3,256,882	-	34,367	27,400	3,318,649
Community Services	6,006,701	-	-	4,386,237	10,392,938
Public Works	4,207,784	-	-	-	4,207,784
Public Safety	18,254,560	-	-	-	18,254,560
Development Services	1,570,180	-	-	-	1,570,180
Redevelopment	-	-	(59,724)	647,058	587,334
Other	-	-	-	275,562	275,562
Capital Outlay	-	19,347,264	-	-	19,347,264
Debt Service					
Principal	-	-	700,000	790,000	1,490,000
Interest and Fees	-	-	1,310,600	262,473	1,573,073
Total Expenditures	33,296,107	19,347,264	1,985,243	6,388,730	61,017,344
Excess (Deficiency) of Revenues Over Expenditures	6,867,739	(8,929,948)	3,091,843	(1,393,397)	(363,763)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	1,600	-	-	-	1,600
Transfers In	52,694	8,797,285	949,497	2,564,465	12,363,941
Transfers Out	(6,502,627)	(3,416,186)	(200,000)	(808,528)	(10,927,341)
Total Other Financing Sources (Uses)	(6,448,333)	5,381,099	749,497	1,755,937	1,438,200
Net Change in Fund Balances	419,406	(3,548,849)	3,841,340	362,540	1,074,437
Fund Balances - July 1	13,660,345	47,185,394	38,070,826	2,601,046	101,517,611
Fund Balances - June 30	\$ 14,079,751	\$ 43,636,545	\$ 41,912,166	\$ 2,963,586	\$ 102,592,048

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

CITY OF AMERICAN FORK

Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To The Statement of Activities

For the Year Ended June 30, 2025

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

Net Change in Fund Balance - Total Governmental Funds	<u>\$ 1,074,437</u>
Governmental funds report capital outlays as expenditures. However, 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 in the current period.	19,054,327
The Statement of Activities reports net pension expense from the application of GASB 68 which is not shown in the fund statements.	(655,278)
Bond proceeds and financed purchases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayments of bond and financed purchases principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.	1,622,622
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(442,830)
Internal service funds are used by the City to charge the costs of various activities to individual funds. A portion of the internal service funds net revenues is reported with governmental activities.	<u>(102,427)</u>
Change in net position of governmental activities	<u><u>\$ 20,550,851</u></u>

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

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

The Water Fund is used to account for the activities of the City's culinary and secondary water systems.

Sewer Fund

The Sewer Fund is used to account for the activities of the City's sewer system.

Storm Water Fund

The Storm Water Fund is used to account for the activities of the City's storm drain system and operations related to the storm water management plan.

Nonmajor Proprietary Funds

Nonmajor proprietary funds include the Sanitation and Broadband fund and are presented by fund type beginning on page 105.

Internal Service Funds

The Fleet Fund and Broadband Fund are used to account for citywide services provided to various departments.

CITY OF AMERICAN FORK
Statement of Net Position

Proprietary Funds

June 30, 2025

	Business-Type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Funds	Total	
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 7,129,522	\$ 27,647,655	\$ 3,692,981	\$ 699,603	\$ 39,169,761	\$ 1,315,464
Accounts Receivable Net of Allowance	5,799,109	959,236	558,105	254,666	7,571,116	-
Prepaid Expenses	337,784	3,544	3,544	-	344,872	103,718
Note Receivable	199,465	-	-	-	199,465	-
Due From Other Funds	1,969,631	-	-	-	1,969,631	-
Total Current Assets	15,435,511	28,610,435	4,254,630	954,269	49,254,845	1,419,182
Noncurrent Assets						
Restricted Cash	9,734,079	-	-	-	9,734,079	-
Capital Assets						
Land	2,346,613	608,978	624,538	-	3,580,129	-
Water Shares and Rights	40,671,798	-	-	-	40,671,798	-
Bridges	-	-	1,327,465	-	1,327,465	-
Buildings and Structures	1,473,429	18,198	368,960	-	1,860,587	-
Improvements - Other than Buildings	134,084,453	18,639,846	17,565,300	1,200,542	171,490,141	-
Machinery and Equipment	1,121,687	550,085	197,608	135,124	2,004,504	14,914,034
Construction in Progress	9,608,720	112,885	927,842	-	10,649,447	-
Less Accumulated Depreciation	(41,408,958)	(7,746,283)	(4,304,493)	(1,032,706)	(54,492,440)	(10,530,481)
Capital Assets (Net of Accum Depreciation)	147,897,742	12,183,709	16,707,220	302,960	177,091,631	4,383,553
Total Noncurrent Assets	157,631,821	12,183,709	16,707,220	302,960	186,825,710	4,383,553
Total Assets	173,067,332	40,794,144	20,961,850	1,257,229	236,080,555	5,802,735
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charge on Debt Issuance	1,678,754	-	-	-	1,678,754	-
Resources Related to Pensions	204,212	66,386	76,981	96,286	443,865	-
Total Deferred Outflows of Resources	1,882,966	66,386	76,981	96,286	2,122,619	-
LIABILITIES						
Current Liabilities						
Accounts Payable	833,517	1,007,574	497,095	190,835	2,529,021	127,721
Accrued Liabilities	4,529,828	36,203	27,220	8,734	4,601,985	-
Interest Payable	265,147	-	-	-	265,147	-
Deposits Payable	22,475	-	-	-	22,475	-
Compensated Absences	36,589	13,304	15,858	23,035	88,786	-
Bonds and Leases Payable	2,689,000	-	-	-	2,689,000	280,377
Due to Other Funds	-	-	-	1,969,631	1,969,631	-
Total Current Liabilities	8,376,556	1,057,081	540,173	2,192,235	12,166,045	408,098
Noncurrent Liabilities						
Compensated Absences	9,586	5,695	5,695	5,197	26,173	-
Bonds and Leases Payable	44,340,552	-	-	-	44,340,552	328,100
Net Pension Liability	129,571	46,281	56,719	71,158	303,729	-
Total Noncurrent Liabilities	44,479,709	51,976	62,414	76,355	44,670,454	328,100
Total Liabilities	52,856,265	1,109,057	602,587	2,268,590	56,836,499	736,198
DEFERRED INFLOWS OF RESOURCES						
Resources Related to Pensions	273,243	81,017	115,521	135,649	605,430	-
NET POSITION						
Net Investment in Capital Assets	102,546,944	12,183,709	16,707,220	302,960	131,740,833	3,775,076
Restricted for:						
Capital Improvements-Impact Fees	4,987,612	2,915,157	-	-	7,902,769	-
Debt Service	9,734,079	-	-	-	9,734,079	-
Unrestricted	4,552,155	24,571,590	3,613,503	(1,353,684)	31,383,564	1,291,461
Total Net Position	\$ 121,820,790	\$ 39,670,456	\$ 20,320,723	\$ (1,050,724)	\$ 180,761,245	\$ 5,066,537
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds					605,657	
Net Position of Business-Type Activities (Page 31)					\$ 181,366,902	

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

CITY OF AMERICAN FORK
Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Business-Type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds	
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Funds	Total	
OPERATING REVENUES						
Charges for Services	\$ 10,100,148	\$ 10,284,028	\$ 3,210,434	\$ 2,723,206	\$ 26,317,816	\$ 2,201,412
Intergovernmental			283,839		283,839	
Miscellaneous	60,948	-	33,859	-	94,807	5,097
Total Operating Revenues	10,161,096	10,284,028	3,528,132	2,723,206	26,696,462	2,206,509
OPERATING EXPENSES						
Salaries and Wages	966,053	433,172	492,295	317,360	2,208,880	-
Supplies and Materials	578,096	53,204	119,755	14,876	765,931	-
Professional and Technical	357,332	214,740	406,306	22,461	1,000,839	61,145
Contracted Services	-	-	-	2,207,749	2,207,749	-
Interfund Charges	1,135,838	713,683	621,263	152,604	2,623,388	44,100
Depreciation	3,197,791	481,673	358,326	49,686	4,087,476	1,082,283
Other	1,349,896	4,569,645	270,956	21,439	6,211,936	1,151,103
Total Operating Expenses	7,585,006	6,466,117	2,268,901	2,786,175	19,106,199	2,338,631
Operating Income (Loss)	2,576,090	3,817,911	1,259,231	(62,969)	7,590,263	(132,122)
NON-OPERATING REVENUES (EXPENSES)						
Interest Earnings	700,838	1,086,964	180,763	26,634	1,995,199	16,563
Gain (Loss) on Fair Value of Investments	50,225	154,847	67,814	3,633	276,519	7,630
Gain (Loss) on Sale of Capital Assets	(246,435)	-	-	-	(246,435)	18,574
Interest and Fees	(1,125,811)	-	-	-	(1,125,811)	(15,507)
Total Non-Operating Revenue (Expenses)	(621,183)	1,241,811	248,577	30,267	899,472	27,260
Income (Loss) Before Contributions and Transfers	1,954,907	5,059,722	1,507,808	(32,702)	8,489,735	(104,862)
CONTRIBUTIONS AND TRANSFERS						
Impact Fees	912,331	249,536	112,594	-	1,274,461	-
Capital Contributions	2,472,270	654,416	1,010,900	-	4,137,586	-
Transfers In	2,438,364	-	509	219,231	2,658,104	212,323
Transfers Out	(3,924,879)	(382,146)	-	-	(4,307,025)	-
Total Contributions and Transfers	1,898,086	521,806	1,124,003	219,231	3,763,126	212,323
Change in Net Position	3,852,993	5,581,528	2,631,811	186,529	12,252,861	107,461
Net Position June 30, 2024,						
As previously Reported	120,967,797	34,088,928	17,688,912	(1,237,253)	171,508,384	4,959,076
Error Correction	(3,000,000)	-	-	-	(3,000,000)	-
Net Position June 30, 2024, as Restated	117,967,797	34,088,928	17,688,912	(1,237,253)	168,508,384	4,959,076
Net Position - Ending	\$ 121,820,790	\$ 39,670,456	\$ 20,320,723	\$ (1,050,724)	180,761,245	\$ 5,066,537
Adjustments to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds					209,891	
Change in Net Position of Business-Type Activities (Page 34)					\$ 12,462,752	

Basic financial statements are an integral part of this statement.

CITY OF AMERICAN FORK
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2025

	Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Nonmajor Proprietary Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 9,682,644	\$ 10,196,087	\$ 3,231,968	\$ 2,640,524	\$ 25,751,224	\$ 28,761
Payments to Suppliers	(1,649,601)	(4,640,693)	(745,891)	(2,262,577)	(9,298,762)	(1,235,728)
Interfund Services	(1,010,734)	(685,090)	(571,744)	(48,053)	(2,315,622)	2,161,409
Payments to Employees	(935,962)	(418,530)	(472,929)	(303,425)	(2,130,846)	-
Net Cash Provided (Used) by Operating Activities	6,086,347	4,451,774	1,441,404	26,470	12,005,994	954,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In	(1,486,516)	(382,146)	509	219,231	(1,648,922)	212,323
Interfund Loans	92,271	-	-	(92,271)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,394,245)	(382,146)	509	126,960	(1,648,922)	212,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact Fees	912,330	249,536	112,594	-	1,274,460	-
Capital Grants	2,313,650	-	29,138	-	2,342,788	-
Purchase of Capital Assets	(5,130,497)	(405,250)	(1,850,339)	-	(7,386,086)	(711,395)
Principal Paid on Capital Debt	(2,588,000)	-	-	-	(2,588,000)	(274,672)
Interest and Fees Paid on Capital Debt	(1,186,438)	-	-	-	(1,186,438)	(15,507)
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,678,955)	(155,714)	(1,708,606)	-	(7,543,276)	(1,001,574)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest Income	751,063	1,241,812	248,577	30,266	2,271,719	24,194
Net Cash Used by Investing Activities	751,063	1,241,812	248,577	30,266	2,271,719	24,194
Net Increase (Decrease) in Cash and Cash Equivalents	(235,789)	5,155,726	(18,116)	183,696	5,085,516	189,385
Cash and Cash Equivalents - Beginning of Year	17,099,391	22,491,929	3,711,097	515,907	43,818,324	1,126,079
Cash and Cash Equivalents - End of Year	\$ 16,863,602	\$ 27,647,655	\$ 3,692,981	\$ 699,603	\$ 48,903,840	\$ 1,315,464
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 2,576,090	\$ 3,817,911	\$ 1,259,231	\$ (62,969)	\$ 7,590,263	\$ (132,122)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation Expense	3,197,792	481,673	358,326	49,686	4,087,476	1,082,283
(Increase) Decrease in Receivables	(367,703)	(59,348)	(217,507)	21,870	(622,687)	28,763
(Increase) Decrease in Prepaid Assets	(331,034)	(169)	(169)	-	(331,371)	(21,880)
(Increase) Decrease in Deferred Outflows Related to Pensions	(7,746)	218	(1,752)	(346)	(9,625)	-
Increase (Decrease) in Accounts Payable	981,109	195,297	20,882	3,948	1,201,236	(2,601)
Increase (Decrease) in Accrued Liabilities	2,166	1,359	2,743	1,266	7,534	-
Increase (Decrease) in Accrued Vacation and Sick Leave	(13,695)	4,731	2,175	(4,237)	(11,026)	-
Increase (Decrease) in Net Pension Liability	49,811	10,260	17,669	17,496	95,237	-
Increase (Decrease) in Deferred Inflows Related to Pensions	(445)	(159)	(195)	(244)	(1,042)	-
Total Adjustments	3,510,256	633,863	182,173	89,439	4,415,731	1,086,565
Net Cash Provided by Operating Activities	\$ 6,086,346	\$ 4,451,774	\$ 1,441,404	\$ 26,470	\$ 12,005,994	\$ 954,443
Noncash Investing, Capital, and Financing Activities:						
Contributions of Capital Assets From Developers	\$ 1,776,431	\$ 654,416	\$ 1,010,900	\$ -	\$ 3,441,747	\$ -
Gain (Loss) on Fair Value of Investments	50,225	154,847	67,814	3,633	276,519	7,630
Gain (Loss) on Sale of Capital Assets	(246,435)	-	-	-	(246,435)	18,574

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

NOTES TO THE FINANCIAL STATEMENTS



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of American Fork's (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the city are discussed below.

Reporting Entity

The City of American Fork was incorporated under the laws of the Territory of Utah in 1853. Under the present council-mayor form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Administrator. The city offers a wide range of services to its citizens: General administrative services, public safety (police and fire), highways and streets, sanitation, recreation and parks, public improvements, and planning and zoning. It also operates water, sewer, storm drain, and sanitation utilities, and provides a digital service network.

The Annual Comprehensive Financial Report of the city includes the financial statements for all activities of the city based upon the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14, as amended. The primary criterion for including a board or an agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations, and so data from these units are combined with data of the primary government. Discretely presented component units, if any, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the city.

Blended Component Units

The Municipal Building Authority was created by the city and is governed by the city's Mayor and Council. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the city. The bonds are secured by a lease agreement with the city and will be retired through lease payments from the city. The financial statements of the Municipal Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and Redevelopment Agency are considered blended component units because the governing board in each case is the same governing board of the city. In addition, the primary government has operational responsibility for both the Municipal Building Authority and the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Redevelopment Agency. There is also a direct financial benefit/burden relationship between the Municipal Building Authority and the Redevelopment Agency with the primary government.

Both the Municipal Building Authority and Redevelopment Agency are presented as special revenue funds. Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices at 51 E Main Street American, American Fork, UT 84003 or online at www.americanfork.gov.

Other Component Units

The Fox Hollow Golf Course and Timpanogos Special Service District (TSSD) are excluded from the accompanying financial statements because the entities are autonomous and have a self-elected board of directors responsible for their operations and the hiring of management personnel. The city pays TSSD for its share of services received. TSSD also receives payments from other cities receiving these same services. Fox Hollow Golf Course was established in 1973 by American Fork City, Pleasant Grove City, and Lehi City. The city has representation on the board. The city has guaranteed one third of a \$3,315,000 bond which retires in 2027.

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 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 are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 applicants who purchase or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Presentation

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (*i.e.*, when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- **General Fund** is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Capital Projects Fund** accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).
- **Special Revenue Funds (Redevelopment Agency)** are used to account for project areas funded through the use of a tax increment financing for the purpose of incentivizing commercial, industrial, and/or transit-oriented development throughout American Fork City.

Additionally, the City reports the following nonmajor governmental fund types:

- **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs. While this fund does not meet the financial tests to be classified as a major fund, the city elects to report this fund as a major fund due to its importance to financial statement users.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- **Special Revenue Funds** are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Proprietary Funds

The focus of proprietary fund measurement is upon the determination of net income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The city's proprietary funds consist of both enterprise and internal service funds.

- **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The government reports the following major Enterprise funds:
 - *Water Fund* accounts for the operations of the city's culinary and secondary water utility services.
 - *Sewer Fund* accounts for the operations of the city's sewer utility.
 - *Storm Drain Fund* accounts for the operation of the city's storm drain utility and storm water management plan.

Activities of these funds include administration, operations, and maintenance of the water, sewer, and storm drain systems, which include billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt and capital improvements. The majority of costs are financed through charges to utility customers.

Other non-major enterprise funds include the following:

- *Sanitation Fund* accounts for the utility fee and related sanitation contracts for garbage and recycling services.
- *Broadband Fund* accounts for operating the network operations center (NOC) and services related to leasing fiber lines to private parties.
- **Internal service funds** are used to account for the city's fleet maintenance and information technology services. Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the city on a cost reimbursement basis. The city operates a fleet internal service fund, which is used to account for the acquisition and maintenance of city vehicles and an information technology internal service fund, which is used to account for the acquisition and maintenance of city-wide hardware, software and technology contract services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The internal service fund activities have been combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided with the combining data elsewhere in this report.

Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Cash & Cash Equivalents 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.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds". Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures are recorded as expenditures when purchased using the purchases method.

Restricted Assets/Restricted Net Position

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service. It is the policy of the city to use restricted assets first and then use unrestricted assets. Restricted net position represents resources that are subject to external restrictions on how they may be used. Of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

the \$79,348,549 reported as restricted net position in the statement of net position, \$78,015,295 is restricted due to enabling legislation.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 (amount not rounded) 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, donated works of art (and similar items), and capital assets received in a service concession arrangement are reported at acquisition value. The costs of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. In the governmental funds, \$19,347,264 has been capitalized during the construction period on property, plant, and equipment. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	10-50
Infrastructure	40-60
Improvements other than buildings	5-50
Machinery and equipment	5-20
Furniture and fixtures	5-20

Subscription-based information technology arrangements (SBITA) are defined as a contract that conveys control of the right to use another party's software. This type of asset is recorded as an intangible asset and amortized over the shorter of the subscription term or the assets useful life. The City has no material SBITA contracts at the end of the current fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so *will not* be recognized as an outflow of resources (expense/expenditure) until then. The city has two items that qualify for reporting in this category – a deferred charge on refunding and resources related to pensions, both of which are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions results from the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that applies to a future period(s) and so *will not* be recognized as an inflow of resources (revenue) until that time. The city has one item, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes. In addition, the statement of net position reports *resources related to pensions*, which relates to the differences between expected and actual experience along with changes in assumptions for the city's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. They are allowed to carry forward into the next calendar year accrued vacation up to 240 hours and all sick leave but are encouraged to take their vacation leave within the calendar year in which it is earned. Upon termination of employment, an employee will be compensated for all unused vacation leave and may be compensated for 50 percent of sick leave hours in excess of 320 hours, up to a maximum of 160 hours.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For governmental funds, any compensated absence liability has typically been liquidated by the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Taxes

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal, which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

Fund Balance

The city implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*, in fiscal year 2011. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the city is bound to honor them. The city first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.
- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include debt service, bond proceeds, impact fees, grant revenue, state liquor fund allotment, donations, Redevelopment Agency fund balance, and perpetual care.
- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action (resolution) of the City Council. Fund balance commitments can only be removed or changed by the same type of action of the City Council. Per Resolution 2014-11-42R, \$400 of each cemetery lot sale is to be used for expansion of the city's cemetery.
- **Assigned.** This category includes fund balance appropriated in the subsequent year's budget through City Council resolution. This category also includes the remaining positive fund balances for other governmental funds. The city has assigned debt service, municipal building authority, PARC tax, downtown redevelopment, celebration, and capital projects. Currently, there is no body or official authorized to assign amounts for a specific purpose.
- **Unassigned.** Residual balances in the general fund are classified as unassigned. The General Fund is the only fund that reports a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for which amounts from both restricted and unrestricted resources could be used, it is the city's policy to use restricted resources first before using unrestricted resources. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, then assigned, and finally unassigned. The city's fund balance policy follows state code § 10-6-116(4) in regard to minimum fund balance required. Utah Code requires a minimum fund balance of 5 percent and a maximum value of 35 percent of total revenues to be maintained in the General Fund. For fiscal year 2025, the minimum required amount is \$2,008,272. The city's fund balance is at 35% of revenues for the fiscal year ending 2025.

Use of Estimates

Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Pensions

For purposes of measuring 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’ 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.

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$152,825,193 adjustment is as follows:

Cost of capital assets	\$202,788,524
Accumulated depreciation	<u>(49,963,331)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$152,825,193</u></u>

Another element of the reconciliation explains that “other items, including resources related to pensions, are not available to pay for current period expenditures and, therefore, are either deferred or not applicable to the funds.” The details of the \$518,320 difference are as follows:

Resources related to pensions	\$714,162
Net pension asset	<u>(195,842)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$518,320</u></u>

Another element of the reconciliation states “other items, including net pension liabilities, are not due and payable in the current period and, therefore, are either deferred or not reported in the funds.” The details of the \$1,401,008 difference is as follows:

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Deferred inflows related to pensions	\$4,776,173
Net pension liability	<u>(3,375,165)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$1,401,008</u>

The final element of the reconciliation states that “long term liabilities, including bonds payable, are not due and payable in the current period, and accordingly, are not reported in the funds, but rather as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.” The details of this \$39,125,865 difference are as follows:

Bonds payable and financed purchases	\$(36,598,873)
Deferred bond premium (to be amortized over life of original debt)	(2,043,221)
Accrued interest payable	(300,822)
Compensated absences	<u>(182,949)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$(39,125,865)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities.

One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$19,347,264
Gain from Sale/Disposal of Assets	3,396,477
Depreciation expense	<u>(3,689,414)</u>
Net adjustment to reduce <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$19,054,327</u>

Another element of that reconciliation states that “Bond proceeds and financed purchases provide current financial resources to governmental funds by issuing debt, which increases long-term liabilities in the statement of net position. Repayments of bond and financed purchases principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.” Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

Bond and financed purchases principal payments	\$1,513,527
Deferred Interest on bond premium	<u>109,095</u>
Net adjustments to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$1,622,622</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated absences	\$(182,949)
Accrued interest	<u>(259,881)</u>
Net adjustment to decrease <i>net changes in fund balances– total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(422,830)</u>

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the state of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of the adopted budget, they are not a valid or enforceable claim against the city. Budgets are adopted on a basis consistent with generally accepted accounting principles. All funds of the city have legally adopted budgets.

The city adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. On or before the first regularly scheduled meeting of the City Council in May, the city Administrator submits a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers’ comments are heard. Notice of the hearing is given at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 30th, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.

NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING – Continued

- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The Finance Director has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by resolution.
- F. A public hearing, as required in B.) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- G. Encumbrances lapse at year end. Encumbered amounts do not carry over to the following year and are subject to re-appropriation. The city has no significant encumbrances at year end.

During the budget year, the city modified the budget on several occasions using the above procedures.

NOTE 4 – DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. On June 30, 2025, the city's cash balance consisted of the following:

	Total Cash from All Fund Types
Cash	\$ 13,448,400
Cash Equivalents and Investments	<u>138,598,062</u>
Total Cash and Cash Equivalents	<u>\$152,046,462</u>

While the city's carrying amount of deposits was \$152,046,462 the balance in the city's bank account and cash on hand was \$152,555,870, with the difference being due to outstanding checks and deposits in transit.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the city's deposits may not be recovered. The city's policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires all deposits of the city to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2025, the deposits are as follows:

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

<u>Depository Account</u>	<u>Custodial Risk</u>	<u>Total Cash from All Fund Types</u>
Checking and Cash on Hand	Insured	\$13,448,400
Checking and Cash on Hand	Uninsured	<u>0</u>
Total Checking and Cash on Hand		<u>\$13,448,400</u>

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.

American Fork City 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 American Fork City 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 American Fork City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, certified investment advisors, or directly with issuers of the investment securities.

Statutes authorize American Fork City 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 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

CITY OF AMERICAN FORK
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June 30, 2025

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 City 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:* Valuations based on quoted prices in active markets for identical assets or liabilities that the city has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail any significant degree of judgment. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign governments obligations.
- *Level 2:* Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and "brokered" or securitized certificates of deposit.
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As of June 30, 2025, the city had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurement Classification		
		Level 1	Level 2	Level 3
Utah's Public Treasurer's				
Investment Fund	\$ 41,266,374	\$ -	\$ 41,266,374	\$ -
Corporate Debt Securities	16,723,759	-	16,723,759	-
Certificates of Deposit	26,222,263	-	26,222,263	-
U.S. Government Securities	4,220,448	4,220,448	-	-
Yankee Bonds	1,505,548	1,505,548	-	-
Commercial Paper	-	-	-	-
Agency Bonds	6,302,612	6,302,612	-	-
Money Market Funds	42,357,058	-	42,357,058	-
	<u>\$ 138,598,062</u>	<u>\$ 12,028,608</u>	<u>\$ 126,569,454</u>	<u>\$ -</u>

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. American Fork City receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, American Fork City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active

Debt securities classified in Level 2 are valued using the following approaches:

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices
- Bond Mutual Funds: published fair value per share (unit) for each fund
- Utah Public Treasurers’ Investment Fund: application of the June 30, 2025, fair value factor, as calculated by the Utah State Treasurer, to American Fork City’s average daily balance in the fund
- Donated Real Estate: recent appraisals of real estate value.

Interest Rate Risk - Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. American Fork City’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 certificates of 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 corporate note securities may not have a remaining term to final maturity exceeding three years.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

As of June 30, 2025, American Fork City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	3-5
Utah's Public Treasurer's				
Investment Fund	\$ 41,266,374	\$ 41,266,374	\$ -	\$ -
Corporate Debt Securities	16,723,759	1,591,571	15,132,188	-
Certificates of Deposit	26,222,263	9,809,544	13,106,069	3,306,651
U.S. Government Securities	4,220,448	2,733,223	977,548	509,677
Yankee Bonds	1,505,548	501,970	1,003,578	-
Commercial Paper	-	-	-	-
Agency Bonds	6,302,612	-	300,700	6,001,912
Money Market Funds	42,357,058	42,357,058	-	-
	<u>\$ 138,598,062</u>	<u>\$ 98,259,741</u>	<u>\$ 30,520,082</u>	<u>\$ 9,818,240</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. American Fork City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

As of June 30, 2025, American Fork City's investments had the following quality ratings:

Investment Type	AAA	Rating			
		AA	A	BBB	Unrated
Utah's Public Treasurer's					
Investment Fund	\$ -	\$ -	\$ -	\$ -	\$41,266,374
Corporate Debt Securities	1,525,839	3,694,711	11,001,393	-	501,815
Certificates of Deposit	-	1,548,925	2,398,138	476,183	21,799,018
U.S. Government Securities	4,220,448	-	-	-	-
Yankee Bonds	-	-	1,505,548	-	-
Commercial Paper	-	-	-	-	-
Agency Bonds	5,798,386	504,226	-	-	-
Money Market Funds	624,229	-	-	-	41,732,829
	<u>\$ 12,168,902</u>	<u>\$ 5,747,862</u>	<u>\$ 14,905,079</u>	<u>\$ 476,183</u>	<u>\$105,300,036</u>

NOTE 4 – DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk – Investments

The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. American Fork City'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

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, American Fork City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. American Fork City does have a formal policy for custodial credit risk. All investments other than bank deposits or funds invested in the state treasurers fund are to be held by a third party with securities delivered on delivery vs. purchase basis. As of June 30, 2025, American Fork City safe-kept all investments with custodian counterparty US Bank, and all investments which was/were held by the counterparty's trust department or agent are registered in American Fork City's name.

NOTE 5 – RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	Governmental Activities			
	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental
Accounts	\$ 2,809,540	\$ 635,911	\$ -	\$ 19,617
Property Tax	7,290,388	489,246	2,703,329	570,107
Other Taxes	2,724,323	357,873	-	309,056
Intergovernmental	-	-	-	-
Other	323,516	4,578,716	-	16,037
Less: Allowance for Uncollectible Accounts	(151,354)	-	-	-
	<u>\$ 12,996,413</u>	<u>\$ 6,061,746</u>	<u>\$ 2,703,329</u>	<u>\$ 914,817</u>

NOTE 5 – RECEIVABLES - Continued

Receivables	Business-type Activities				Total
	Water	Sewer	Storm Water	Nonmajor Proprietary	
Accounts	\$ 898,188	\$ 959,618	\$ 306,774	\$ 254,716	\$ 5,884,363
Property Tax	-	-	-	-	11,053,070
Other Taxes	-	-	-	-	3,391,252
Intergovernmental	-	-	-	-	-
Other	5,100,764	-	251,446	-	10,270,479
Less: Allowance for Uncollectible Accounts	(378)	(381)	(115)	(50)	(152,278)
	<u>\$ 5,998,574</u>	<u>\$ 959,236</u>	<u>\$ 558,105</u>	<u>\$ 254,666</u>	<u>\$ 30,446,886</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

The city transferred monies between funds to support debt service payments in the debt service fund and fleet fund, and to support related capital expenditures in the capital projects fund. In addition, transfers were completed to support general operations in the fitness center fund and broadband fund.

Transfer In	Transfer Out				Total
	General	Capital Projects	Redevelopment Agency	Nonmajor Governmental	
General	\$ -	\$ -	\$ -	\$52,694	\$52,694
Capital Projects	4,116,827	-	-	755,833	4,872,660
Redevelopment Agency	949,497	-	-	-	949,497
Nonmajor Governmental	1,217,073	1,347,391	-	-	2,564,464
Major Proprietary	-	1,856,472	200,000	-	2,056,472
Nonmajor Proprietary	219,231	-	-	-	219,231
Internal Service	-	212,323	-	-	212,323
Total Transfer Out	<u>\$6,502,628</u>	<u>\$3,416,186</u>	<u>\$200,000</u>	<u>\$808,527</u>	<u>\$10,927,341</u>

Interfund Receivables / Payables

During fiscal year 2014, the capital projects fund acquired a note with the cemetery perpetual care fund in the amount of \$530,000 to expand the current cemetery. The note will be repaid with \$250 per lot sale. Payments are estimated to continue through fiscal year 2032. The note carries an interest rate of 2.35 percent. The current balance on the loan is \$259,369.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – Continued

Due to a negative cash balance, the water fund advanced the broadband fund \$1,969,631 to eliminate the negative cash balance. Cash will be repaid to the water fund during fiscal year 2025.

NOTE 7 – CAPITAL ASSETS

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 30,152,750	\$ 11,509,357	\$ -	\$ 41,662,107
Land Right of Way	726,929	-	-	726,929
Construction in Progress	14,275,596	9,488,843	11,380,621	12,383,818
Total capital assets not being depreciated	45,155,276	20,998,200	11,380,621	54,772,854
Capital assets being depreciated:				
Buildings	39,998,751	323,459	-	40,322,210
Improvements	90,025,682	12,350,416	1,327,993	101,048,105
Machinery and Equipment	20,731,647	1,255,799	428,057	21,559,389
Total capital assets being depreciated	150,756,080	13,929,674	1,756,050	162,929,705
Less accumulated depreciation for:				
Buildings	14,662,788	871,122	-	15,533,910
Improvements	29,248,826	2,396,371	1,327,993	30,317,204
Machinery and Equipment	13,493,009	1,504,203	354,513	14,642,699
Total accumulated depreciation	57,404,623	4,771,696	1,682,506	60,493,813
Total capital assets, being depreciated, net	93,351,457	9,157,978	73,544	102,435,891
Governmental activities capital assets, net	<u>\$ 138,506,733</u>	<u>\$ 30,156,178</u>	<u>\$ 11,454,165</u>	<u>\$ 157,208,746</u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,793,216	\$ 786,913	\$ -	\$ 3,580,129
Construction in Progress	19,528,532	5,470,504	14,349,589	10,649,447
Water Shares	40,549,758	122,040	-	40,671,798
Total capital assets not being depreciated	62,871,506	6,379,457	14,349,589	54,901,374
Capital assets being depreciated:				
Buildings	1,860,587	-	-	1,860,587
Improvements	157,629,506	18,901,846	3,713,746	172,817,606
Machinery and Equipment	1,862,133	142,371	-	2,004,504
Total capital assets being depreciated	161,352,227	19,044,217	3,713,746	176,682,697
Less accumulated depreciation for:				
Buildings	1,234,313	20,892	-	1,255,205
Improvements	51,774,184	3,951,073	3,467,448	52,257,809
Machinery and Equipment	863,915	115,511	-	979,426
Total accumulated depreciation	53,872,412	4,087,476	3,467,448	54,492,440
Total capital assets, being depreciated, net	107,479,815	14,956,741	7,181,194	122,190,257
Business-type activities capital assets, net	<u>\$ 170,351,321</u>	<u>\$ 21,336,198</u>	<u>21,530,783</u>	<u>\$ 177,091,631</u>

NOTE 7 – CAPITAL ASSETS – Continued

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

Governmental Activities:	
General Government	\$ 17,005
Public Works	1,790,962
Public Safety	162,501
Community Services	1,718,946
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,082,282</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,771,696</u>
Business-Type Activities:	
Water	\$ 3,197,791
Sewer	481,673
Storm Drain	358,326
Broadband	<u>49,686</u>
Total Depreciation Expense - Business-Type Activities	<u>4,087,476</u>
Total Depreciation Expense	<u><u>\$ 8,859,172</u></u>

NOTE 8 - LONG-TERM OBLIGATIONS

A Summary of long-term obligation activity for the year ended June 30, 2025 is as follows:

Governmental Activities	July 1, 2024	Additions	Reductions	June 30, 2025	Due in One Year
Bonds Payable:					
2018 Sales Tax Revenue					
Refunding Bonds	\$ 1,738,000	\$ -	\$ 415,000	\$ 1,323,000	\$ 428,000
2020 General Obligation Bonds	6,695,000	-	375,000	6,320,000	390,000
2022 Tax Increment Revenue Bonds	28,310,000	-	700,000	27,610,000	735,000
Unamortized Bond Premium	<u>2,152,318</u>	<u>-</u>	<u>109,096</u>	<u>2,043,222</u>	<u>-</u>
Total Bonds Payable	36,743,000	-	1,599,096	37,296,222	1,553,000
Net Pension Liability	2,908,494	466,671	-	3,375,165	-
Financed Purchases	931,121	-	298,199	632,922	304,821
Compensated Absences	<u>1,321,429</u>	<u>182,949</u>	<u>-</u>	<u>1,504,378</u>	<u>1,111,741</u>
Governmental Long-Term Obligations	<u>\$ 41,904,044</u>	<u>\$ 2,252,214</u>	<u>\$ 3,499,889</u>	<u>\$ 42,808,687</u>	<u>\$ 2,969,562</u>

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Business-Type Activities	July 1, 2024	Additions	Reductions	June 30, 2025	Due in One Year
Bonds Payable:					
2015 General Obligation Bonds	\$ 4,740,000	\$ -	\$ 365,000	\$ 4,375,000	\$ 380,000
2016 General Obligation Bonds	21,985,000	-	1,635,000	20,350,000	1,715,000
2020 Water Revenue Bonds	20,855,000	-	588,000	20,267,000	594,000
Unamortized Bond Premium	2,241,308	-	203,755	2,037,553	-
Total Bonds Payable	49,821,308	-	2,791,755	47,029,553	2,689,000
Net Pension Liability	208,491	95,237	-	303,728	-
Compensated Absences	125,985	-	11,026	114,959	88,786
Business-Type Long-Term Obligations	50,155,784	221,386	2,928,930	47,448,240	2,767,623
Total Government-Wide Long-Term Obligations	<u>\$ 92,059,828</u>	<u>\$ 2,473,599</u>	<u>\$ 6,428,819</u>	<u>\$ 90,256,927</u>	<u>\$ 5,747,348</u>

Note: The Change in the compensated absence liability is presented as a net change.

State statutes (Utah State Constitution, Article XIV, Section 4) limit the amount of general obligation debt a governmental entity may issue to 12 percent of the “reasonable fair cash value” of property within the city. Of this percent, a maximum of 4 percent may be used for general purposes, with the remaining 8 percent (and any remaining portion of the 4 percent for general purposes) may be used for water and/or sewer purposes. The current limitation of the city is \$913,308,522, with the total general obligation debt of the city at \$31,045,000, excluding bond premium, or 3.4 percent of the current year limit.

General Obligation Bonds payable at June 30, 2025, are comprised of the following:

General Obligation Bonds				
Fiscal Year	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 390,000	\$ 192,638	\$ 2,095,000	\$ 881,538
2027	405,000	177,038	2,200,000	787,238
2028	420,000	160,838	2,240,000	741,238
2029	435,000	144,038	2,330,000	655,638
2030	460,000	122,288	2,420,000	566,588
2031-2035	2,540,000	358,190	13,440,000	1,481,575
2036-2038	1,670,000	75,713	-	-
Total	<u>\$ 6,320,000</u>	<u>\$ 1,230,743</u>	<u>\$ 24,725,000</u>	<u>\$ 5,113,815</u>

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Details of General Obligation Bonds – Governmental Activities

2020 General Obligation Bonds:

\$8,035,000 General Obligation Bonds due in annual principal and semi-annual interest payments through May 2038 – Interest is at 1.55%. Interest is at a varying rate of 2.25% to 5.00%. Proceeds are used to construct a fire station. \$6,320,000

In fiscal year 2020 the city issued \$8,035,000 in general obligation bonds with an interest rate of 2.25 to 5.00 percent. The proceeds were used for the purpose of paying the costs of purchasing real property, acquiring, constructing, and equipping a new fire station and related Improvements. The net proceeds of \$8,598,061 (with premium of \$713,745 and after payment of \$150,684 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for construction of the new fire station. The Bonds are general obligations of the city, payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the city, fully sufficient to pay the Bonds as to both principal and interest.

Details of General Obligation Bonds – Business-Type Activities

2015 General Obligation Refunding Bonds:

\$7,020,000 General Obligation Refunding Bonds due in annual principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.25% to 4.00%. Proceeds were used to advance refund the 2007 GO Bonds, which partially financed the city's pressurized irrigation system. \$4,375,000

In fiscal year 2015 the city issued \$7,020,000 in general obligation bonds with an interest rate of 2.74 percent. The proceeds were used to advance refund \$6,745,000 of the outstanding 2007 general obligation bonds, with interest rates ranging from 2.00 percent to 4.00 percent. The net proceeds of \$7,270,728 (after payment of \$79,748 in issuance costs and \$46,112 in underwriter fees) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2007 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$376,588. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2007 general obligation bonds to reduce its total debt service payments over twenty years by \$244,434 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$957,571. As of June 30, 2025, the outstanding principal balance of the defeased debt is \$4,375,000.

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

2016 General Obligation Refunding Bonds:

\$30,285,000 General Obligation Refunding Bonds due in annual Principal and semi-annual interest payments through May 2035 – Interest is at a varying rate of 2.00% to 5.00%. Proceeds were used to advance refund the 2008 GO Bonds, which partially financed the city’s pressurized irrigation system. \$20,350,000

In fiscal year 2016 the city issued \$30,285,000 in general obligation bonds with an interest rate of 3.00 to 5.00 percent. The proceeds were used to advance refund \$31,200,000 of the outstanding 2008 general obligation bonds with interest rates ranging from 2.00 to 4.00 percent. The net proceeds of \$34,397,083 (after payment of \$122,640 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the 2008 general obligation bonds are partially considered defeased and the liability for those bonds have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,435,384. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The city advance refunded the 2008 general obligation bonds to reduce its total debt service payments over twenty years by \$4,884,058 and to obtain an economic gain (i.e., the difference between the present values of the debt service payments on the old and new debt) of \$3,818,377. As of June 30, 2024, the outstanding principal balance of the defeased debt is \$20,350,000.

The 2015 and 2016 general obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the city. The general revenues of the city are contingently liable for the general obligation bonds that are currently outstanding and recorded as obligations of the business-type activities. The full faith and credit of the City is pledged to redeem these bonds if revenues from the proprietary funds are insufficient to meet the obligations. There are several covenants and restrictions contained in the general obligation bonds. The City is in compliance with all significant covenants and restrictions related to the bonds at June 30, 2025.

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

Revenue Bonds payable at June 30, 2025, are comprised of the following:

Revenue Bonds				
Fiscal Year	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	1,163,000	1,315,819	594,000	202,670
2027	1,210,000	1,266,058	600,000	196,730
2028	1,250,000	1,229,582	606,000	190,730
2029	835,000	1,176,000	612,000	184,670
2030	875,000	1,134,250	618,000	178,550
2031-2035	5,085,000	4,969,000	3,455,000	796,070
2036-2040	6,490,000	3,563,500	3,814,000	613,570
2041-2045	8,230,000	1,821,700	4,010,000	419,000
2046-2050	3,795,000	229,200	4,213,000	214,470
2051-2052	-	-	1,745,000	26,220
Total	\$ 28,933,000	\$ 16,705,109	\$ 20,267,000	\$ 3,022,680

Details of Revenue Bonds – Governmental Activities

2018 Sales Tax Revenue and Refunding Bonds:

\$4,000,000 Sales Tax Revenue and Refunding Bonds due in annual Principal and semi-annual interest payments through May 2028 – Interest is at a rate of 3.04%. Proceeds will be used expand Art Dye park and to refinance the 2012 Sales Tax Revenue Bonds.

\$1,323,000

The city has pledged sales tax revenues in the amount of \$4,690,100 to fund debt service payments on the sales tax revenue bonds. The 2018 bonds were used to refund the 2012 Series Sales Tax Revenue Bonds and to finance the acquisition and construction of recreation improvements, including improvements at Art Dye Park. Sales tax in the current year was \$18,399,825 and debt service for the sales tax bonds was \$467,835.

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

2022 Redevelopment Agency Subordinate Sales Tax and Tax Increment Revenue Bonds:

\$30,000,000 Subordinate Sales Tax Revenue and Tax Increment
Bonds due in annual Principal and semi-annual interest payments
through May 2042. Interest is at a varying rate of 2.35% to 3.84%.
Proceeds will be used finance a portion of the costs of the acquisition
and construction of project area improvements, including upgrading
200 South. \$27,610,000

The redevelopment agency has pledged tax increment revenues for the Patriot Station project area and subordinating sales taxes received from an agreement with the City of American Fork for the repayment of the bonds.

Details of Revenue Bonds – Business-Type Activities

2020 Water Revenue Bonds:

\$22,015,000 Water Revenue Bonds due in annual principal and
interest payments through January 2051 – Interest is fixed at 1%.
Proceeds were used to improve the City’s water infrastructure.
The City issued \$12,750,000 of proceeds during fiscal year 2021
and will draw additional proceeds during fiscal year 2023 in the
amount of \$9,265,000. \$20,267,000

The city has pledged culinary water revenue for the 2020 Water Revenue Bonds. The remaining principal and interest payments total \$23,289,680. For the current year, principal and interest paid were \$796,550 compared to water charges for services revenue of \$6,740,828. It is estimated that annual principal and interest payments on the bonds will require an average of 1.3 percent of pledged revenues. In the event of default, the bondholder (the state of Utah) may require the city to pay an interest penalty equal to 18 percent per annum of the outstanding principal amount and interest on the bonds, with interest accruing until payment by the city.

CITY OF AMERICAN FORK
Notes to the Financial Statements
June 30, 2025

The future annual requirements for all outstanding bond obligations as of June 30, 2025, are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
2026	\$ 4,242,000	\$ 2,592,665	\$ 6,834,665
2027	4,415,000	2,427,064	6,842,064
2028	4,516,000	2,322,388	6,838,388
2029	4,212,000	2,160,346	6,372,346
2030	4,373,000	2,001,676	6,374,676
2031-2035	24,520,000	7,604,835	32,124,835
2036-2040	11,974,000	4,252,783	16,226,783
2041-2045	12,240,000	2,240,700	14,480,700
2046-2050	8,008,000	443,670	8,451,670
2051-2052	1,745,000	26,220	1,771,220
Total	<u>\$ 80,245,000</u>	<u>\$ 26,072,347</u>	<u>\$ 96,094,457</u>

NOTE 9 - RETIREMENT PLAN

General Information about the Pension Plan

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

- Public Employees Noncontributory Retirement System (Noncontributory System).
- The Firefighters Retirement System (Firefighters System) is a multiple employer, cost-sharing, retirement system.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are both multiple employer, cost sharing, public employees retirement systems.

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 Utah 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.

NOTE 9 - RETIREMENT PLAN - Continued

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 may be obtained by writing Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website www.urs.org/general/publications.

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%
Public Safety System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per year Over 20 Years	Up to 2.5% or 4% Depending Upon Employer
Firefighters System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per Year Over 20 Years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.5% Per Year All Years; 2.0% Per Year July 2020 to Present	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.

NOTE 9 - RETIREMENT PLAN - Continued

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute a certain percentage 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 June 30, 2025, are as follows:

	Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 – Local Government Division Tier 2 Noncontributory System	0.70%	15.19%	0.00%
15 – Local Government Division Tier 1	0.00%	16.97%	0.00%
Public Safety Retirement System			
122 – Contributory Tier 2 DB Hybrid	4.73%	25.33%	0.00%
43 – Noncontributory Other Division A With 2.5% COLA	0.00%	33.54%	0.00%
Firefighters System			
31 – Other Division A	15.05%	1.61%	0.00%
132 – Tier 2 DB Hybrid	4.73%	14.08%	0.00%
Tier 2 DC Only			
211 Local Government	0.00%	5.19%	10.00%
222 Public Safety	0.00%	11.33%	14.00%
232 Firefighters	0.00%	0.08%	14.00%

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

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory	\$605,417	N/A
Public Safety	430,372	N/A
Firefighters	21,091	197,153
Tier 2 Public Employees	439,362	20,247
Tier 2 Public Safety and Firefighter	973,962	228,201
Tier 2 DC Only System	59,178	N/A
Tier 2 DC Public Safety and Firefighter System	19,067	N/A
Total Contributions	\$2,548,448	\$445,601

NOTE 9 - RETIREMENT PLAN - Continued

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.

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

At June 30, 2025, the city reported a net pension asset of \$518,320 and a net pension liability of \$3,678,893:

	Measurement Date: December 31, 2024				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/23	Change (Decrease)
Noncontributory System	\$ -	\$ 1,280,626	40.3840800%	40.7725400%	-0.3884600%
Public Safety System	-	1,666,864	1.0772719%	1.0812225%	-0.0039506%
Firefighters System	518,320	-	2.9508299%	3.0429465%	-0.0921166%
Tier 2 Public Employees System	-	279,082	0.0935766%	0.0955417%	-0.0019651%
Tier 2 Public Safety & Firefighter	-	452,321	1.0000717%	1.1652817%	-0.1652100%
	<u>\$ 518,320</u>	<u>\$ 3,678,893</u>			

The net pension asset and liability were measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled forward using generally accepted actuarial procedures. The proportion of 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 June 30, 2025, the city recognized pension expense of \$3,286,366. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$1,903,174	\$25,687
Changes in Assumptions	494,385	7,132
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	869,539	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	162,096	39,992
Contributions Subsequent to the Measurement Date	1,258,225	-
Total	<u>\$4,687,419</u>	<u>\$72,811</u>

NOTE 9 - RETIREMENT PLAN - Continued

\$1,258,225 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024.

These contributions, typically made from the general fund, 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,	Net Deferred Outflows (Inflows) of Resources
2025	\$1,275,848
2026	1,668,101
2027	(138,107)
2028	33,461
2029	161,508
Thereafter	355,572

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$1,158,508. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 763,069	\$ -
Changes in Assumptions	105,931	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	385,745	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	6,259
Contributions Subsequent to the Measurement Date	291,079	-
Total	<u>\$1,545,824</u>	<u>\$6,259</u>

\$2914,079 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024.

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

NOTE 9 - RETIREMENT PLAN – Continued

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$729,274
2026	704,317
2027	(156,523)
2028	(28,582)
2029	-
Thereafter	-

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$1,063,251. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$176,139	\$ -
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	288,485	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	4,030
Contributions Subsequent to the Measurement Date	204,238	-
Total	<u>\$668,863</u>	<u>\$4,030</u>

\$204,238 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$189,529
2026	409,484
2027	(117,177)
2028	(21,241)
2029	-
Thereafter	-

NOTE 9 - RETIREMENT PLAN – Continued

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$103,904. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$569,476	\$ -
Changes in Assumptions	41,574	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	148,153	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	48,727	17,137
Contributions Subsequent to the Measurement Date	10,545	-
Total	<u>\$818,476</u>	<u>\$17,137</u>

\$10,545 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$271,253
2026	422,761
2027	82,516
2028	14,264
2029	-
Thereafter	-

Tier 2 Public Employee System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$304,346. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 - RETIREMENT PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$120,649	\$1,923
Changes in Assumptions	93,210	29
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,838	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	40,031	3,156
Contributions Subsequent to the Measurement Date	249,097	-
Total	<u>\$520,825</u>	<u>\$5,107</u>

\$249,097 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$31,710
2026	49,213
2027	20,892
2028	25,728
2029	61,834
Thereafter	77,242

Tier 2 Public Safety and Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2025, the city recognized pension expense of \$656,356. At June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 - RETIREMENT PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$273,842	\$23,766
Changes in Assumptions	253,670	7,103
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	29,318	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	73,339	9,412
Contributions Subsequent to the Measurement Date	503,265	-
Total	<u>\$1,133,434</u>	<u>\$40,280</u>

\$503,265 is reported as deferred outflows of resources related to pensions results from contributions made by the city prior the fiscal year end, subsequent to the measurement date of December 31, 2024. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$54,081
2026	82,327
2027	32,184
2028	43,293
2029	99,674
Thereafter	278,330

Actuarial Assumptions

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

- Inflation 2.50 percent
- Salary Increases 3.5 – 9.5 percent, average, including inflation
- Investment Rate of Return 6.85 percent, net of pension plan investment expense, Including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2024. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is

NOTE 9 - RETIREMENT PLAN – Continued

the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively. The actuarial assumptions used in the January 1, 2024, valuation were based on an experience study for the period ending December 31, 2023.

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	7.01%	2.45%
Debt Securities	20.00%	2.54%	0.51%
Real Assets	18.00%	5.45%	0.98%
Private Equity	12.00%	10.05%	1.21%
Absolute Return	15.00%	4.36%	0.65%
Cash and Cash Equivalents	-%	0.49%	-%
Totals	100.00%		5.80%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		8.30%

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

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

NOTE 9 - RETIREMENT PLAN – Continued

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as the proportionate share of the net pension liability if it were calculated using a discount rate that is 1 percentage point lower (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$5,415,997	\$1,280,626	\$(2,187,612)
Public Safety System	5,120,848	1,666,864	(1,151,532)
Firefighters System	1,128,009	(518,320)	(1,860,709)
Tier 2 Public Employees System	833,549	279,082	(152,239)
Tier 2 Public Safety and Firefighter	1,542,373	452,321	(419,192)
Total	\$14,040,777	3,160,573	(5,771,285)

Defined Contribution Savings Plans

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

The city participates in the following defined contribution savings plans with Utah Retirement Systems:

- 401(k) plan
- 457(b) plan
- Roth IRA plan
- Traditional IRA plan

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ending June 30th were as follows:

NOTE 9 - RETIREMENT PLAN – Continued

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$159,072	\$119,273	\$102,297
Employee Contributions	120,419	108,155	94,739
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	41,048	30,073	15,120
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	81,215	83,148	75,991
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	75	1,875	1,800

The city has also established a voluntary deferred compensation program pursuant to Section 457 of the Internal Revenue Code for Public Safety (Fire) employees. In accordance with Governmental Accounting Standards Board Statement 32 (GASB No. 32), the assets and income of the Plan are held in trust for the exclusive benefit of the participants or their beneficiaries.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The city is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the city's financial statements.

In the normal course of operations, the city receives grant funds from various federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

The city has various construction projects and agreements as of June 30, 2025, with commitments to contractors and vendors as follows:

NOTE 10 - COMMITMENTS AND CONTINGENCIES – Continued

Purpose	Amount
Road Projects	\$4,498,770
Water Projects	2,234,324
Fiber Projects	2,108,126
Community Services Projects	106,931
Sewer and Storm Drain Projects	1,647,531
Public Safety	1,016,277
General Projects and Other	64,175
Total Commitments	<u>\$11,676,134</u>

NOTE 11 - RISK MANAGEMENT

The city is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. It is the policy of the city to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies, which the city pays in the event of any loss. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The city also maintains a worker’s compensation policy through a commercial vendor.

NOTE 12 - REDEVELOPMENT AGENCY

The Redevelopment Agency of American Fork City is established to further public purposes in the redevelopment of certain city areas. For the year ended June 30, 2025, the following activity occurred in the city’s Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$3,135,041
Amounts expended for installation of capital improvements, other public improvements, and housing donations	0
Amounts expended for administrative costs	34,367

NOTE 13 – DEFICIT NET POSITION

For the year ended June 30, 2025, the city had negative net position in the broadband fund. During fiscal year 2003, an existing high-speed broadband system was purchased from a private company. The city began providing wholesale services to internet providers during fiscal year 2003. A significant portion of the broadband assets were sold to UTOPIA and a private company in 2008. The City has since issued more IRUs (Irrevocable Rights of Use) that extend beyond the useful life of the asset and are treated in

NOTE 13 – DEFICIT NET POSITION – Continued

the financial statements as a sale of assets. The city is currently in the process of conducting a feasibility study to determine long-term options for the broadband system, and in fiscal year 2025 the general fund subsidized the current year's deficit.

NOTE 14 – LEASE ARRANGEMENTS

The city renegotiated an agreement with the State of Utah to lease office and court space to the Fourth Judicial District and Juvenile Courts, beginning January 1, 2023 through September 30, 2032, with a portion of the leased building expiring September 30, 2025. The base rent, including operating and maintenance costs is \$65,963 per month, with a 3% escalation per square foot rate each year. Per the terms of the agreement, the city reserves the right to terminate the lease agreement if the Utah State Legislature fails to appropriate funds for the lease. The State of Utah can terminate the lease with 60 days advance notice to the City. Future lease payments are as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2026	637,669
2027	559,034
2028	574,125
2029	589,583
2030	605,614
2031-3033	1,421,796
Total	<u>\$4,387,822</u>

NOTE 15 – TAX ABATEMENT AGREEMENTS

On December 9, 2014, the city entered into a development agreement with AFCC Limited, the developer of the Meadows shopping center. Under this agreement, AFCC Limited is allowed to share in future sales and property tax increment revenues subject to several terms and conditions, which include:

- A fifteen-year maximum term.
- The first \$70,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$70,000, the city will reimburse AFCC Limited 75 percent of the tax increment revenues generated.
- \$2,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025, AFCC Limited did not exceed the thresholds under the terms and conditions of the agreement to receive a tax increment share.

On December 23, 2019, the city entered into a development agreement with National Buick GMC. Under this agreement, National Buick GMC can share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- The first \$100,000 of tax increment generated during each year is not subject to the agreement.

NOTE 15 – TAX ABATEMENT AGREEMENTS – Continued

- After the first \$100,000, the city will reimburse National Buick GMC a tiered percentage of tax increment generated above the baseline amount of \$100,000.
- \$1,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025 National Buick GMC received \$210,316 in tax increment reimbursements.

On August 24, 2021, the city entered into a development agreement with Doug Smith Auto. Under this agreement, Doug Smith Auto can share in future sales and property tax increment revenues subject to a number of terms and conditions, which include:

- The first \$775,000 of tax increment generated during each year is not subject to the agreement.
- After the first \$775,000, the city will reimburse Doug Smith Auto a tiered percentage of tax increment generated above the baseline amount of \$775,000.
- \$2,000,000 maximum reimbursement cap.

During fiscal year ending June 30, 2025 Doug Smith received \$226,881 in tax increment reimbursements.

NOTE 16 – CORRECTION OF AN ERROR

During fiscal year 2025, the city identified an error in the previously issued financial statements for the fiscal year ending June 30, 2024. The error related to the accrual of grant revenue in the amount of \$3,000,000 in the city's Water Fund. This error resulted in recognizing grant revenue within the availability period for reimbursement of project improvements for a capital project that has since been delayed. In accordance with GASB Statement No. 100, the error has been corrected by restating the beginning net position/fund balance for the fiscal year ended June 30, 2025. The correction is reflected as an adjustment to beginning balances rather than as a change to the current period's activity.

The adjustment reflects a correction of overstated revenues and understated deferred revenue that should have been recorded in prior periods. The effect of correcting this error on previously issued financial statements is summarized below:

Government-Wide Financial Statements – Statement of Activities	
Net position, July 1, 2024, as previously reported	\$171,904,150
Adjustment for error correction	<u>(3,000,000)</u>
Net position, July 1, 2024, as restated	168,904,150
Proprietary Funds - Statement of Revenues, Expenses, and Changes in Net Position	
Fund balance, July 1, 2024, as previously reported	\$120,967,797
Adjustment for error correction	<u>(3,000,000)</u>
Fund balance, July 1, 2024, as restated	117,967,797

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued. There are no subsequent events as of the report date.

Required Supplementary Information



CITY OF AMERICAN FORK**General Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

(continued)

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes				
Property Tax - Current	\$ 7,081,872	\$ 7,081,872	\$ 7,202,305	\$ 120,433
Property Tax - Delinquent	300,000	300,000	397,357	97,357
Motor Vehicle Tax	400,000	400,000	497,103	97,103
Sales and Use Tax	12,310,000	14,085,500	14,628,950	543,450
Penalties and Interest	10,000	10,000	46,326	36,326
Transient Room Tax	30,000	30,000	47,868	17,868
Telecommunications Tax	160,000	160,000	218,156	58,156
Energy Sales and Use Tax	2,200,000	2,200,000	2,669,602	469,602
Cable TV Franchise Tax	125,000	125,000	114,018	(10,982)
Total Taxes	22,616,872	24,392,372	25,821,685	1,429,313
Licenses and Permits				
Building Permits	1,000,000	1,000,000	907,080	(92,920)
Business Licenses	90,000	90,000	113,734	23,734
Other Licenses and Permits	132,000	132,000	326,366	194,366
Total Licenses and Permits	1,222,000	1,222,000	1,347,180	125,180
Intergovernmental Revenues				
Federal Grants	-	-	80,624	80,624
State Grants	73,000	118,225	239,604	121,379
County, Local, and Other Grants	30,000	30,000	95,861	65,861
Liquor Fund Allotment	50,000	86,000	75,744	(10,256)
Total Intergovernmental Revenues	153,000	234,225	491,833	257,608
Charges for Services				
Fire Services	1,406,184	1,406,184	1,213,805	(192,379)
Police Services	1,125,000	1,241,000	1,236,688	(4,312)
Ambulance Fees	2,975,000	2,975,000	2,977,467	2,467
Development Fees	400,000	400,000	342,783	(57,217)
Plan Check Fees	356,000	356,000	444,106	88,106
Recreation Fees	522,000	522,000	600,407	78,407
Cemetery Fees	195,500	236,693	238,340	1,647
Administrative Charge	2,647,914	2,647,914	2,647,914	-
Other Fees	620,000	666,000	691,285	25,285
Total Charges for Services	10,247,598	10,450,791	10,392,795	(57,996)
Fines and Forfeitures	330,000	330,000	428,159	98,159
Miscellaneous Revenue				
Investment Earnings	283,547	628,145	653,139	24,994
Gain (Loss) on Fair Value of Investments	-	-	128,126	128,126
Rental Income	561,098	561,098	612,624	51,526
Donations	-	-	54,131	54,131
Miscellaneous	632,473	632,473	234,174	(398,299)
Total Miscellaneous Revenue	1,477,118	1,821,716	1,682,194	(139,522)
Total Revenue	<u>\$ 36,046,588</u>	<u>\$ 38,451,104</u>	<u>\$ 40,163,846</u>	<u>\$ 1,712,742</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual (Continued)

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
General Government				
Administration and Finance	\$ 2,445,063	\$ 2,575,063	\$ 2,512,015	\$ 63,048
Legislative and Executive	239,532	249,532	239,672	9,860
Legal	546,159	546,159	505,195	40,964
Total General Government	3,230,754	3,370,754	3,256,882	113,872
Community Services				
Administration	298,222	298,222	286,087	12,135
Boat Harbor	53,718	53,718	24,969	28,749
Building Maintenance	1,262,225	1,265,725	1,204,236	61,489
Cemetery	595,498	656,691	637,122	19,569
Library	1,215,043	1,298,648	1,241,825	56,823
Parks	1,497,608	1,756,056	1,694,180	61,876
Recreation	718,851	718,851	694,712	24,139
Senior Citizens & Citizen Committees	202,350	256,350	223,570	32,780
Total Community Services	5,843,515	6,304,261	6,006,701	297,560
Public Works				
Administration	313,283	328,283	316,335	11,948
Engineering	1,353,901	1,353,901	1,020,449	333,452
Streets	2,966,891	2,756,891	2,353,737	403,154
Public Infrastructure	607,097	611,797	517,263	94,534
Total Public Works	5,241,172	5,050,872	4,207,784	843,088
Public Safety				
Fire	7,990,351	8,133,755	8,106,654	27,101
Police & Animal Control	9,806,826	10,213,026	10,147,906	65,120
Total Public Safety	17,797,177	18,346,781	18,254,560	92,221
Development Services				
Building Inspection	1,422,751	1,422,751	1,254,977	167,774
Planning	646,129	646,129	315,203	330,926
Total Other	2,068,880	2,068,880	1,570,180	498,700
Total Expenditures	34,181,498	35,141,548	33,296,107	1,845,441
Excess (Deficiency) of Revenues Over Expenditures	1,865,090	3,309,556	6,867,739	3,558,183
OTHER FINANCING SOURCES (USES)				
Transfers In	77,500	77,500	52,694	(24,806)
Transfers Out	(1,942,590)	(3,387,056)	(6,502,627)	3,115,571
Sale of Capital Assets	-	-	1,600	1,600
Total Other Financing Sources (Uses)	(1,865,090)	(3,309,556)	(6,448,333)	3,092,365
Net Change in Fund Balance	-	-	419,406	419,406
Fund Balance - July 1			13,660,345	
Fund Balance - June 30			<u>\$ 14,079,751</u>	

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK
Redevelopment Agency Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 2,638,163	\$ 2,703,329	\$ 3,135,041	\$ 431,712
Interest Earnings	541,000	541,000	1,905,718	1,364,718
Gain (Loss) on Fair Value of Investments	-	-	36,327	36,327
Total Revenues	<u>3,179,163</u>	<u>3,244,329</u>	<u>5,077,086</u>	<u>1,796,430</u>
EXPENDITURES				
General Government	529,508	529,508	34,367	495,141
Affordable Housing	260,666	260,666	-	260,666
Capital Outlay and Projects	29,839,445	29,839,445	(59,724)	29,899,169
Debt Service				
Principal	700,000	1,310,600	700,000	610,600
Interest and Fees	700,000	700,000	1,310,600	(610,600)
Total Expenditures	<u>32,029,619</u>	<u>32,640,219</u>	<u>1,985,243</u>	<u>30,654,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(28,850,456)</u>	<u>(29,395,890)</u>	<u>3,091,843</u>	<u>32,487,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	950,000	949,497	503
Transfers Out	(200,000)	(200,000)	(200,000)	-
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>750,000</u>	<u>749,497</u>	<u>503</u>
Net Change in Fund Balance	(29,050,456)	(28,645,890)	3,841,340	32,487,230
Fund Balance - July 1			38,070,826	
Fund Balance - June 30			<u>\$ 41,912,166</u>	

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2025

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportion of the net pension liability (asset)					
2015	0.4671654%	1.0209030%	1.5158354%	0.0912367%	1.5001408%
2016	0.4489326%	0.9700784%	1.4418841%	0.0985332%	1.3686609%
2017	0.4739740%	0.9866520%	1.9399640%	0.0947120%	1.3857400%
2018	0.4440602%	1.0127761%	2.4297297%	0.0748773%	1.1694804%
2019	0.4438457%	0.9604843%	2.5826386%	0.0746911%	1.1486931%
2020	0.4342667%	0.9078040%	2.7819512%	0.0712204%	1.1994706%
2021	0.4334302%	0.9615900%	3.1023319%	0.0754374%	1.1883430%
2022	0.3978124%	1.0091230%	3.1168623%	0.0800700%	1.1499815%
2023	0.4077254%	1.0812225%	3.0429465%	0.0955417%	1.1652817%
2024	0.4084080%	1.0772719%	2.9508299%	0.0935766%	1.0000717%
Proportionate share of the net pension liability (asset)					
2015	5,643,449	1,828,694	(27,455)	(199)	(21,918)
2016	2,882,697	1,968,557	(11,367)	10,991	(11,881)
2017	2,076,622	1,547,719	(121,161)	8,351	(16,009)
2018	3,269,937	2,605,453	315,494	32,068	29,302
2019	1,672,796	1,542,171	(320,299)	16,799	108,051
2020	222,754	753,677	(777,889)	10,243	107,586
2021	(2,482,301)	(780,948)	(1,809,331)	(31,928)	(60,062)
2022	681,353	1,304,872	(806,462)	87,188	95,937
2023	945,746	1,546,326	(714,162)	185,961	438,952
2024	1,280,626	1,666,864	(518,320)	279,082	452,321
Covered payroll					
2015	3,969,893	1,450,621	498,165	589,511	892,642
2016	3,851,408	1,342,582	501,290	808,052	1,130,820
2017	4,032,289	1,319,371	571,039	928,254	1,460,525
2018	3,812,874	1,314,953	752,118	874,153	1,565,601
2019	3,844,971	1,168,425	826,886	1,038,379	1,893,108
2020	3,741,354	1,018,453	907,583	1,138,325	2,383,992
2021	3,761,541	1,026,331	1,034,300	1,399,796	2,841,775
2022	3,475,846	1,106,814	1,120,423	1,745,170	3,538,244
2023	3,574,835	1,244,621	1,161,842	2,470,076	4,415,304
2024	3,568,626	1,302,243	1,237,579	2,772,165	4,565,041

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2025

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
2015	66.59%	126.06%	-5.51%	0.03%	-2.46%
2016	74.85%	146.62%	-2.27%	1.36%	-1.05%
2017	51.50%	117.31%	-21.22%	0.90%	-1.10%
2018	85.76%	198.14%	41.95%	3.67%	1.87%
2019	43.51%	131.99%	-38.74%	1.62%	5.71%
2020	5.95%	74.00%	-85.71%	0.90%	4.51%
2021	-65.99%	-76.09%	-174.93%	-2.28%	-2.11%
2022	19.60%	117.89%	-72.25%	5.00%	2.71%
2023	26.46%	124.24%	-61.47%	7.53%	9.94%
2024	35.89%	128.00%	-41.88%	10.07%	9.91%
Plan fiduciary net position as a percentage of its covered payroll					
2015	87.80%	87.10%	101.00%	100.20%	100.70%
2016	87.30%	86.50%	100.40%	95.10%	103.60%
2017	91.90%	90.20%	103.00%	97.40%	103.00%
2018	87.00%	84.70%	94.30%	90.80%	95.60%
2019	93.70%	90.90%	105.00%	96.50%	89.60%
2020	99.20%	95.50%	110.50%	98.30%	93.10%
2021	108.70%	104.20%	120.10%	103.80%	102.80%
2022	97.50%	93.60%	108.40%	92.30%	96.40%
2023	96.90%	93.44%	106.79%	89.58%	89.10%
2024	96.02%	93.30%	104.64%	87.44%	90.10%

* The amounts presented for each fiscal year were determined as of December 31.

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems

June 30, 2024

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System					
2015	\$ 698,745	\$ 698,745	\$ -	\$ 3,814,719	18.32%
2016	715,449	715,449	-	3,911,858	18.29%
2017	724,783	724,783	-	3,972,181	18.25%
2018	720,585	720,585	-	3,952,823	18.23%
2019	688,195	688,195	-	3,779,491	18.21%
2020	692,913	692,913	-	3,804,571	18.21%
2021	695,453	695,453	-	3,780,068	18.40%
2022	661,522	661,522	-	3,596,226	18.39%
2023	617,410	617,410	-	3,445,839	17.92%
2024	646,817	646,817	-	3,613,984	17.90%
Public Safety System					
2015	493,954	493,954	-	1,451,099	34.04%
2016	477,217	477,217	-	1,401,928	34.04%
2017	452,796	452,796	-	1,330,187	34.04%
2018	451,848	451,848	-	1,327,402	34.04%
2019	421,884	421,884	-	1,239,375	34.04%
2020	366,460	366,460	-	1,076,555	34.04%
2021	348,171	348,171	-	1,022,828	34.04%
2022	356,410	356,410	-	1,047,034	34.04%
2023	391,210	391,210	-	1,149,267	34.04%
2024	441,352	441,352	-	1,296,569	34.04%
Firefighters System					
2015	15,660	15,660	-	454,136	3.45%
2016	15,749	15,749	-	487,783	3.23%
2017	17,957	17,957	-	514,525	3.49%
2018	26,696	26,696	-	679,298	3.93%
2019	36,437	36,437	-	790,388	4.61%
2020	39,218	39,218	-	850,699	4.61%
2021	45,043	45,043	-	977,053	4.61%
2022	49,526	49,526	-	1,074,316	4.61%
2023	40,566	40,566	-	1,123,704	3.61%
2024	43,540	43,540	-	1,206,108	3.61%

Required Supplementary Information

Schedule of Contributions - Utah Retirement Systems (continued)

June 30, 2024

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Employees System**					
2015	71,827	71,827	-	480,771	14.94%
2016	105,774	105,774	-	709,416	14.91%
2017	137,044	137,044	-	919,145	14.91%
2018	128,787	128,787	-	852,329	15.11%
2019	153,055	153,055	-	984,911	15.54%
2020	164,060	164,060	-	1,047,639	15.66%
2021	198,731	198,731	-	1,257,791	15.80%
2022	248,866	248,866	-	1,548,638	16.07%
2023	326,824	326,824	-	2,041,370	16.01%
2024	435,310	435,310	-	2,718,988	16.01%
Tier 2 Public Safety and Firefighter System**					
2015	114,413	114,413	-	797,630	14.34%
2016	140,767	140,767	-	997,412	14.11%
2017	198,201	198,201	-	1,306,481	15.17%
2018	243,354	243,354	-	1,521,388	16.00%
2019	288,715	288,715	-	1,645,804	17.54%
2020	388,407	388,407	-	2,201,991	17.64%
2021	531,029	531,029	-	2,563,626	20.71%
2022	643,544	643,544	-	3,159,089	20.37%
2023	807,959	807,959	-	3,909,693	20.67%
2024	939,476	939,476	-	4,587,848	20.48%
Tier 2 Public Employees DC Only System**					
2015	2,293	2,293	-	34,122	6.72%
2016	4,993	4,993	-	74,629	6.69%
2017	13,612	13,612	-	203,471	6.69%
2018	19,449	19,449	-	290,718	6.69%
2019	29,082	29,082	-	434,702	6.69%
2020	35,008	35,008	-	523,288	6.69%
2021	34,764	34,764	-	519,648	6.69%
2022	35,486	35,486	-	530,429	6.69%
2023	47,118	47,118	-	761,197	6.19%
2024	56,878	56,878	-	918,876	6.19%

CITY OF AMERICAN FORK**Required Supplementary Information**

Schedule of Contributions - Utah Retirement Systems (continued)

June 30, 2023

Last 10 Fiscal Years*

Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Tier 2 Public Safety and Firefighter DC Only System**					
2015	171	171	-	1,448	11.81%
2016	4,694	4,694	-	39,680	11.83%
2017	4,999	4,999	-	42,254	11.83%
2018	5,505	5,505	-	46,537	11.83%
2019	6,896	6,896	-	90,011	7.66%
2020	11,385	11,385	-	156,491	7.28%
2021	11,578	11,578	-	204,019	5.67%
2022	16,815	16,815	-	239,224	7.03%
2023	10,567	10,567	-	140,646	7.51%
2024	12,406	12,406	-	140,571	8.83%

* The amounts presented for each fiscal year were determined as of December 31. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK

Notes to Required Supplementary Information

For the Year Ended June 30, 2025

1. **BUDGETARY COMPARISON SCHEDULES**

The Budgetary Comparison Schedule presented in this section of the report is for the city's major funds, which includes the General Fund and Redevelopment Agency Fund.

2. **BUDGETING AND BUDGETARY CONTROLS**

Budgets for the major funds are adopted and presented on a basis consistent with generally accepted accounting principles.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

3. **CHANGES IN ASSUMPTIONS**

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

Supplementary Information

Star Flour Mill 1900



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

- 1) **Fitness Center** – This fund is used to account for fees charged to users and expenditures dealing with operation and maintenance of the City’s fitness center.
- 2) **PARC Tax** – This fund is used to account for the revenues received by the City from the Utah State Tax Commission and expenditures (mainly grants) relating to the City’s Parks, Arts, Recreation, and Culture tax.
- 3) **Celebration** – This fund is used to account for the activities of Steel Days, the City’s annual celebration.
- 4) **Downtown Redevelopment** – The downtown redevelopment fund is used to enhance and promote the City’s core downtown area and to account for small business revolving loans issued by the city.
- 5) **Building Authority** – The building authority fund is used to account for the construction of capital facilities within the City.

DEBT SERVICE FUNDS

Debt service funds are used to account for the revenues, other financing sources, other financing uses, and the related expenditures for long-term debt.

- 1) **Debt Service Fund** – This fund is used to accumulate resources for and payment of bond principal and interest for governmental funds.

PERMANENT FUND

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City’s program.

- 1) **Perpetual Care Fund** – This fund is used to account for the funds received for the perpetual care of the cemetery.



CITY OF AMERICAN FORK
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

(continued)

	Special Revenue			
	Fitness Center	PARC Tax	Celebration	Downtown Redevelopment
ASSETS				
Cash and Cash Equivalents	\$ 139,578	\$ 1,409,512	\$ 6,414	\$ 96,790
Receivables	19,617	309,056	-	16,037
Inventories	13,932	-	-	-
Prepaid Items	1,139	-	-	-
Due From Other Funds	-	-	-	-
Total Assets	<u>174,266</u>	<u>1,718,568</u>	<u>6,414</u>	<u>112,827</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	<u>174,266</u>	<u>612,057</u>	<u>6,414</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Inventories	13,932	-	-	-
Prepaid Items	1,139	-	-	-
Restricted				
Debt Service	-	-	-	-
Perpetual Care	-	-	-	-
Assigned				
PARC Tax	-	1,106,511	-	-
Downtown Redevelopment	-	-	-	112,827
Municipal Building Authority	-	-	-	-
Unrestricted	<u>(15,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>1,106,511</u>	<u>-</u>	<u>112,827</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 174,266</u>	<u>\$ 1,718,568</u>	<u>\$ 6,414</u>	<u>\$ 112,827</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Building Authority	Debt Service Debt Service	Permanent Cemetery Care	Total
ASSETS				
Cash and Cash Equivalents	\$ 1,121	\$ 410,373	\$ 1,091,614	\$ 3,155,402
Receivables	-	570,107	-	914,817
Inventories	-	-	-	13,932
Prepaid Items	-	-	-	1,139
Due From Other Funds	-	-	241,640	241,640
Total Assets	<u>1,121</u>	<u>980,480</u>	<u>1,333,254</u>	<u>4,326,930</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	<u>500</u>	<u>-</u>	<u>-</u>	<u>793,237</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	<u>-</u>	<u>570,107</u>	<u>-</u>	<u>570,107</u>
FUND BALANCES				
Nonspendable				
Inventories	-	-	-	13,932
Prepaid Items	-	-	-	1,139
Restricted				
Debt Service	-	410,373	-	410,373
Perpetual Care	-	-	1,333,254	1,333,254
Assigned				
PARC Tax	-	-	-	1,106,511
Downtown Redevelopment	-	-	-	112,827
Municipal Building Authority	621	-	-	621
Unrestricted	-	-	-	(15,071)
Total Fund Balances	<u>621</u>	<u>410,373</u>	<u>1,333,254</u>	<u>2,963,586</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,121</u>	<u>\$ 980,480</u>	<u>\$ 1,333,254</u>	<u>\$ 4,326,930</u>

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

(continued)

	Special Revenue			
	Fitness Center	PARC Tax	Celebration	Downtown Redevelopment
REVENUES				
Charges for Services	\$ 2,040,240	\$ -	\$ 18,691	\$ -
Taxes	-	1,728,264	-	-
Intergovernmental	-	-	-	-
Interest Earnings	-	73,747	-	4,841
Gain (Loss) on Fair Value of Investments	-	8,424	-	602
Miscellaneous	6,317	20,088	20,537	-
Total Revenues	<u>2,046,557</u>	<u>1,830,523</u>	<u>39,228</u>	<u>5,443</u>
EXPENDITURES				
Community Services	2,796,138	1,508,886	81,213	-
Redevelopment and Public Improvements	-	-	-	-
Interfund Charges	252,312	23,250	-	-
Debt Service				
Principal	-	-	-	-
Interest and Fees	-	-	-	-
Total Expenditures	<u>3,048,450</u>	<u>1,559,536</u>	<u>81,213</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,001,893)</u>	<u>270,987</u>	<u>(41,985)</u>	<u>5,443</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,175,089	-	41,985	-
Transfers Out	(173,196)	(52,694)	-	-
Total Other Financing Sources (Uses)	<u>1,001,893</u>	<u>(52,694)</u>	<u>41,985</u>	<u>-</u>
Net Change in Fund Balances	-	218,293	-	5,443
Fund Balances - Beginning	-	888,218	-	107,384
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 1,106,511</u>	<u>\$ -</u>	<u>\$ 112,827</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Special Revenue Building Authority	Debt Service Debt Service	Permanent Cemetery Care	Total
REVENUES				
Charges for Services	\$ -	\$ -	\$ 32,300	\$ 2,091,231
Taxes	-	582,638	-	2,310,902
Intergovernmental	-	350,000	-	350,000
Interest Earnings	-	24,175	81,925	184,688
Gain (Loss) on Fair Value of Investments	-	2,544	-	11,570
Miscellaneous	-	-	-	46,942
Total Revenues	-	959,357	114,225	4,995,333
EXPENDITURES				
Community Services	-	-	-	4,386,237
Redevelopment and Public Improvements	647,058	-	-	647,058
Interfund Charges	-	-	-	275,562
Debt Service				
Principal	-	790,000	-	790,000
Interest and Fees	-	262,473	-	262,473
Total Expenditures	647,058	1,052,473	-	6,388,730
Excess (Deficiency) of Revenues over Expenditures	(647,058)	(93,116)	114,225	(1,393,397)
OTHER FINANCING SOURCES (USES)				
Transfers In	646,918	700,473	-	2,564,465
Transfers Out	-	(582,638)	-	(808,528)
Total Other Financing Sources (Uses)	646,918	117,835	-	1,755,937
Net Change in Fund Balances	(140)	24,719	114,225	362,540
Fund Balances - Beginning	761	385,654	1,219,029	2,601,046
Fund Balances - Ending	\$ 621	\$ 410,373	\$ 1,333,254	\$ 2,963,586

CITY OF AMERICAN FORK

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,542,610	\$ 492,610
Intergovernmental	10,689,278	12,703,409	4,244,147	(8,459,262)
Interest Earnings	300,000	300,000	1,749,532	1,449,532
Gain (Loss) on Fair Value of Investments	-	-	236,965	236,965
Impact Fees	3,350,000	3,350,000	1,320,484	(2,029,516)
Capital Contributions	189,497	189,497	280,376	90,879
Miscellaneous	56,000	56,000	43,202	(12,798)
Total Revenues	<u>16,634,775</u>	<u>18,648,906</u>	<u>10,417,316</u>	<u>(8,231,590)</u>
EXPENDITURES				
Capital Outlay				
Public Works	12,707,999	21,326,113	3,281,554	18,044,559
Public Safety	484,562	538,562	127,159	411,403
Parks	8,599,759	19,302,094	15,326,415	3,975,679
Fitness Center	182,000	196,006	139,840	56,166
Cemetery	174,520	174,520	114,816	59,704
Buildings	473,731	594,177	77,081	517,096
Other Projects	2,140,000	1,563,000	280,399	1,282,601
Total Expenditures	<u>24,762,571</u>	<u>43,694,472</u>	<u>19,347,264</u>	<u>24,347,208</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,127,796)</u>	<u>(25,045,566)</u>	<u>(8,929,948)</u>	<u>16,115,618</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,364,011	5,667,043	8,797,285	3,130,242
Transfers Out	(912,363)	(3,418,708)	(3,416,186)	2,522
Total Other Financing Sources (Uses)	<u>451,648</u>	<u>2,248,335</u>	<u>5,381,099</u>	<u>3,132,764</u>
Net Change in Fund Balance	<u>(7,676,148)</u>	<u>(22,797,231)</u>	<u>(3,548,849)</u>	<u>19,248,382</u>
Fund Balance - July 1			<u>47,185,394</u>	
Fund Balance - June 30			<u><u>\$ 43,636,545</u></u>	

CITY OF AMERICAN FORK**Fitness Center Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 2,064,650	\$ 2,064,650	\$ 2,040,240	\$ (24,410)
Miscellaneous	-	-	6,317	6,317
Total Revenues	2,064,650	2,064,650	2,046,557	(18,093)
EXPENDITURES				
Salaries and Benefits	1,724,845	1,800,345	1,771,908	28,437
Materials and Supplies	463,200	463,200	476,403	(13,203)
Contracted Services	139,500	139,500	140,487	(987)
Utilities	278,900	308,900	310,649	(1,749)
Cost of Goods Sold	31,000	31,000	26,889	4,111
Interfund Charges	252,222	252,222	252,312	(90)
Other	52,969	66,570	69,644	(3,074)
Total Expenditures	2,942,636	3,061,737	3,048,450	13,287
Excess (Deficiency) of Revenues Over Expenditures	(877,986)	(997,087)	(1,001,893)	(4,806)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,041,986	1,175,093	1,175,089	4
Transfers Out	(164,000)	(178,006)	(173,196)	(4,810)
Total Other Financing Sources (Uses)	877,986	997,087	1,001,893	(4,806)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1			-	
Fund Balance - June 30			\$ -	

CITY OF AMERICAN FORK**Parks, Arts, Recreation, and Culture (PARC) Tax Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Sales Tax	\$ 1,550,000	\$ 1,550,000	\$ 1,728,264	\$ 178,264
Interest Earnings	15,000	15,000	73,747	58,747
Gain (Loss) on Fair Value of Investments	-	-	8,424	8,424
Miscellaneous	-	-	20,088	20,088
Total Revenues	<u>1,565,000</u>	<u>1,565,000</u>	<u>1,830,523</u>	<u>265,523</u>
EXPENDITURES				
General Government	-	27,400	27,400	-
Grants Awarded	1,850,000	1,508,886	1,508,886	-
Interfund Charges	<u>23,250</u>	<u>23,250</u>	<u>23,250</u>	<u>-</u>
Total Expenditures	<u>1,873,250</u>	<u>1,559,536</u>	<u>1,559,536</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	<u>(77,500)</u>	<u>(77,500)</u>	<u>(52,694)</u>	<u>(24,806)</u>
Total Other Financing Sources (Uses)	<u>(77,500)</u>	<u>(77,500)</u>	<u>(52,694)</u>	<u>(24,806)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(385,750)</u>	<u>(72,036)</u>	<u>218,293</u>	<u>240,717</u>
Fund Balance - July 1			<u>888,218</u>	
Fund Balance - June 30			<u>\$ 1,106,511</u>	

CITY OF AMERICAN FORK**Celebration Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Sales and Services	-	25,900	\$ 18,691	\$ (7,209)
Contributions and Donations	-	21,000	20,537	(463)
Total Revenues	-	46,900	39,228	(7,672)
EXPENDITURES				
Materials and Supplies	18,000	64,900	61,213	3,687
Contracted Services	20,000	20,000	20,000	-
Total Expenditures	38,000	84,900	81,213	3,687
Excess (Deficiency) of Revenues Over Expenditures	(38,000)	(38,000)	(41,985)	(3,985)
OTHER FINANCING SOURCES (USES)				
Transfers In	38,000	38,000	41,985	3,985
Total Other Financing Sources (Uses)	38,000	38,000	41,985	3,985
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1			-	
Fund Balance - June 30			\$ -	

CITY OF AMERICAN FORK
Downtown Redevelopment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest Earnings	\$ 500	\$ 500	\$ 4,841	\$ 4,341
Gain (Loss) on Fair Value of Investments	-	-	602	602
Total Revenues	<u>500</u>	<u>500</u>	<u>5,443</u>	<u>4,943</u>
EXPENDITURES				
Professional and Technical	<u>80,700</u>	<u>80,700</u>	<u>-</u>	<u>80,700</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,200)</u>	<u>(80,200)</u>	<u>5,443</u>	<u>85,643</u>
Net Change in Fund Balance	<u>(80,200)</u>	<u>(80,200)</u>	<u>5,443</u>	<u>85,643</u>
Fund Balance - July 1			<u>107,384</u>	
Fund Balance - June 30			<u><u>\$ 112,827</u></u>	

CITY OF AMERICAN FORK**Municipal Building Authority**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
Other	\$ 100	\$ 650,100	\$ 647,058	\$ 3,042
Excess (Deficiency) of Revenues Over Expenditures	(100)	(650,100)	(647,058)	(3,042)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	650,000	646,918	(3,082)
Total Other Financing Sources (Uses)	-	650,000	646,918	(3,082)
Net Change in Fund Balance	(100)	(100)	(140)	(6,124)
Fund Balance - July 1			761	
Fund Balance - June 30			<u>\$ 621</u>	

CITY OF AMERICAN FORK**Debt Service Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Property Taxes	\$ 582,638	\$ 582,638	\$ 582,638	\$ -
Intergovernmental	350,000	350,000	350,000	-
Interest Earnings	3,500	3,500	24,175	20,675
Gain (Loss) on Fair Value of Investments	-	-	2,544	2,544
Total Revenues	<u>936,138</u>	<u>936,138</u>	<u>959,357</u>	<u>23,219</u>
EXPENDITURES				
Debt Service				
Principal	790,000	790,000	790,000	-
Interest and Fees	<u>262,473</u>	<u>262,473</u>	<u>262,473</u>	<u>-</u>
Total Expenditures	<u>1,052,473</u>	<u>1,052,473</u>	<u>1,052,473</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(116,335)</u>	<u>(116,335)</u>	<u>(93,116)</u>	<u>23,219</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	700,473	700,473	700,473	-
Transfers Out	<u>(582,638)</u>	<u>(582,638)</u>	<u>(582,638)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>117,835</u>	<u>117,835</u>	<u>117,835</u>	<u>-</u>
Net Change in Fund Balance	<u>1,500</u>	<u>1,500</u>	24,719	<u>23,219</u>
Fund Balance - July 1			385,654	
Fund Balance - June 30			<u>\$ 410,373</u>	

CITY OF AMERICAN FORK
Cemetery Perpetual Care Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Perpetual Care	\$ 28,000	\$ 28,000	\$ 32,300	\$ 4,300
Interest Earnings	40,000	40,000	81,925	41,925
Total Revenues	<u>68,000</u>	<u>68,000</u>	<u>114,225</u>	<u>46,225</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>68,000</u>	<u>68,000</u>	<u>114,225</u>	<u>46,225</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>68,000</u>	<u>68,000</u>	114,225	<u>46,225</u>
Fund Balance - July 1			<u>1,219,029</u>	
Fund Balance - June 30			<u><u>\$ 1,333,254</u></u>	

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

- 1) **Sanitation Fund** – The Sanitation Fund is used to account for the activities of the City’s residential sanitation and recycling programs.
- 2) **Broadband Fund** – The Broadband Fund is used to account for the provision of digital services to businesses and internet service providers.

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the City. Information Technology-This fund is used to account for the costs of providing computers, related equipment, and software to City departments. A service fee is charged to City departments monthly.

- 1) **Fleet** – This fund is used to account for the costs of maintaining the City’s vehicles and equipment.
- 2) **Information Technology** — This fund is used to account for the acquisition and maintenance of all hardware, software and technology contract services.



CITY OF AMERICAN FORK
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2025

	Sanitation Fund	Broadband Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 699,603	-	\$ 699,603
Accounts Receivable Net of Allowance	224,779	29,887	254,666
Total Current Assets	924,382	29,887	954,269
Noncurrent Assets			
Improvements - Other than Buildings	-	1,200,542	1,200,542
Machinery and Equipment	-	135,124	135,124
Less Accumulated Depreciation	-	(1,032,706)	(1,032,706)
Total Noncurrent Assets	-	302,960	302,960
Total Assets	924,382	332,847	1,257,229
DEFERRED OUTFLOWS OF RESOURCES			
Resources Related to Pensions	-	96,286	96,286
Total Deferred Outflows of Resources	-	96,286	96,286
LIABILITIES			
Current Liabilities			
Accounts Payable	190,085	750	190,835
Accrued Liabilities	-	8,734	8,734
Compensated Absences	-	23,035	23,035
Due to Other Funds	-	1,969,631	1,969,631
Total Current Liabilities	190,085	2,002,150	2,192,235
Noncurrent Liabilities			
Compensated Absences	-	5,197	5,197
Net Pension Liability	-	71,158	71,158
Total Noncurrent Liabilities	-	76,355	76,355
Total Liabilities	190,085	2,078,505	2,268,590
DEFERRED INFLOWS OF RESOURCES			
Resources Related to Pensions	-	135,649	135,649
Total Deferred Inflows of Resources	-	135,649	135,649
NET POSITION			
Net Investment in Capital Assets	-	302,960	302,960
Unrestricted	734,297	(2,087,981)	(1,353,684)
Total Net Position	\$ 734,297	\$ (1,785,021)	\$ (1,050,724)

CITY OF AMERICAN FORK**Combining Statement of Revenues, Expenses, and Changes in Net Position**

Nonmajor Proprietary Funds

For the Year Ended June 30, 2025

	Sanitation Fund	Broadband Fund	Totals
OPERATING REVENUES			
Charges for Services	\$ 2,511,397	\$ 211,809	\$ 2,723,206
Total Operating Revenues	<u>2,511,397</u>	<u>211,809</u>	<u>2,723,206</u>
OPERATING EXPENSES			
Salaries and Wages	-	317,360	317,360
Supplies and Materials	13,448	1,428	14,876
Professional and Technical	19,493	2,968	22,461
Contracted Services	2,207,749	-	2,207,749
Interfund Charges	120,224	32,380	152,604
Depreciation	-	49,686	49,686
Other	6,136	15,303	21,439
Total Operating Expenses	<u>2,367,050</u>	<u>419,125</u>	<u>2,786,175</u>
Operating Income (Loss)	<u>144,347</u>	<u>(207,316)</u>	<u>(62,969)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	26,634	-	26,634
Gain (Loss) on Fair Value of Investments	3,633	-	3,633
Gain (Loss) on Sale of Capital Assets	-	-	-
Total Non-Operating Revenue (Expenses)	<u>30,267</u>	<u>-</u>	<u>30,267</u>
Income (Loss) Before Contributions and Transfers	<u>174,614</u>	<u>(207,316)</u>	<u>(32,702)</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers In	-	219,231	219,231
Total Contributions and Transfers	<u>-</u>	<u>219,231</u>	<u>219,231</u>
Change in Net Position	174,614	11,915	186,529
Net Position - Beginning	559,683	(1,796,936)	(1,237,253)
Net Position - Ending	<u>\$ 734,297</u>	<u>\$ (1,785,021)</u>	<u>\$ (1,050,724)</u>

CITY OF AMERICAN FORK
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2025

	Sanitation Fund	Broadband Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 2,516,362	\$ 124,162	\$ 2,640,524
Payments to Suppliers	(2,242,708)	(19,869)	(2,262,577)
Interfund Services	(120,224)	72,171	(48,053)
Payments to Employees	-	(303,425)	(303,425)
Net Cash Provided (Used) by Operating Activities	153,430	(126,960)	26,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	-	219,231	219,231
Interfund Loans	-	(92,271)	(92,271)
Net Cash Provided (Used) by Noncapital Financing Activities	-	126,960	126,960
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	30,266	-	30,266
Net Cash Used by Investing Activities	30,266	-	30,266
Net Increase (Decrease) in Cash and Cash Equivalents	183,696	-	183,696
Cash and Cash Equivalents - Beginning of Year	515,907	-	515,907
Cash and Cash Equivalents - End of Year	\$ 699,603	\$ -	\$ 699,603
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 144,347	\$ (207,316)	\$ (62,969)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	49,686	49,686
(Increase) Decrease in Receivables	4,965	16,905	21,870
(Increase) Decrease in Prepaid Assets	-	-	-
(Increase) Decrease in Deferred Outflows Related to Pensions	-	(346)	(346)
Increase (Decrease) in Accounts Payable	4,117	(170)	3,948
Increase (Decrease) in Accrued Liabilities	-	1,266	1,266
Increase (Decrease) in Accrued Vacation and Sick Leave	-	(4,237)	(4,237)
Increase (Decrease) in Net Pension Liability	-	17,496	17,496
Increase (Decrease) in Deferred Inflows Related to Pensions	-	(244)	(244)
Total Adjustments	9,083	80,357	89,439
Net Cash Provided by Operating Activities	\$ 153,430	\$ (126,960)	\$ 26,470

CITY OF AMERICAN FORK**Statement of Net Position**

Internal Service Funds

June 30, 2025

	Fleet Fund	Information Technology	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 989,026	\$ 326,438	\$ 1,315,464
Prepaid Expenses	-	103,718	103,718
Total Current Assets	989,026	430,156	1,419,182
Capital Assets			
Machinery and Equipment	14,914,034	-	14,914,034
Less Accumulated Depreciation	(10,530,481)	-	(10,530,481)
Capital Assets (Net of Accum Depreciation)	4,383,553	-	4,383,553
Total Noncurrent Assets	4,383,553	-	4,383,553
Total Assets	5,372,579	430,156	5,802,735
LIABILITIES			
Current Liabilities			
Accounts Payable	127,353	368	127,721
Bonds and Leases Payable	280,377	-	280,377
Total Current Liabilities	407,730	368	408,098
Noncurrent Liabilities			
Bonds and Leases Payable	328,100	-	328,100
Total Noncurrent Liabilities	328,100	-	328,100
Total Liabilities	735,830	368	736,198
NET POSITION			
Net Investment in Capital Assets	3,775,076	-	3,775,076
Unrestricted	861,673	429,788	1,291,461
Total Net Position	\$ 4,636,749	\$ 429,788	\$ 5,066,537

CITY OF AMERICAN FORK**Statement of Revenues, Expenses, and Changes in Net Position**

Internal Service Funds

For the Year Ended June 30, 2025

	Fleet Fund	Technology Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 1,880,612	\$ 320,800	\$ 2,201,412
Miscellaneous	5,097	-	5,097
Total Operating Revenues	<u>1,885,709</u>	<u>320,800</u>	<u>2,206,509</u>
OPERATING EXPENSES			
Professional and Technical	-	61,145	61,145
Interfund Charges	-	44,100	44,100
Depreciation	1,082,283	-	1,082,283
Other	804,231	346,872	1,151,103
Total Operating Expenses	<u>1,886,514</u>	<u>452,117</u>	<u>2,338,631</u>
Operating Income (Loss)	<u>(805)</u>	<u>(131,317)</u>	<u>(132,122)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-	16,563	16,563
Gain (Loss) on Fair Value of Investments	4,740	2,890	7,630
Gain (Loss) on Sale of Capital Assets	18,574	-	18,574
Interest and Fees	(15,507)	-	(15,507)
Total Non-Operating Revenue (Expenses)	<u>7,807</u>	<u>19,453</u>	<u>27,260</u>
Income (Loss) Before Contributions and Transfers	<u>7,002</u>	<u>(111,864)</u>	<u>(104,862)</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers In	212,323	-	212,323
Total Contributions and Transfers	<u>212,323</u>	<u>-</u>	<u>212,323</u>
Change in Net Position	219,325	(111,864)	107,461
Net Position - Beginning	4,417,424	541,652	4,959,076
Net Position - Ending	<u>\$ 4,636,749</u>	<u>\$ 429,788</u>	<u>\$ 5,066,537</u>

CITY OF AMERICAN FORK
Combining Statement of Cash Flows
Internal Service Funds
For The Year Ended June 30, 2025

	Fleet Fund	Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 28,761	\$ -	\$ 28,761
Payments to Suppliers	(792,058)	(443,668)	(1,235,728)
Interfund Services	1,884,709	276,700	2,161,409
Net Cash Provided by Operating Activities	1,121,411	(166,969)	954,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	212,323	-	212,323
Net Cash Used by Noncapital Financing Activities	212,323	-	212,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(711,395)	-	(711,395)
Principal Paid on Capital Debt	(274,672)	-	(274,672)
Interest and Fees Paid on Capital Debt	(15,507)	-	(15,507)
Net Cash Used by Capital and Related Financing Activities	(1,001,574)	-	(1,001,574)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	4,740	19,454	24,194
Net Cash Used by Investing Activities	4,740	19,454	24,194
Net Increase (Decrease) in Cash and Cash Equivalents	336,900	(147,515)	189,385
Cash and Cash Equivalents - Beginning of Year	652,126	473,953	1,126,079
Cash and Cash Equivalents - End of Year	\$ 989,026	\$ 326,438	\$ 1,315,464
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ (805)	\$ (131,317)	(132,122)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	1,082,282	-	1,082,282
(Increase) Decrease in Receivables	28,763	-	28,763
(Increase) Decrease in Prepaid Assets	-	(21,880)	(21,880)
Increase (Decrease) in Accounts Payable	11,172	(13,773)	(2,601)
Total Adjustments	1,122,216	(35,652)	1,086,564
Net Cash Provided by Operating Activities	\$ 1,121,411	\$ (166,969)	\$ 954,442

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Statistical Section

City Administration 1913



American Fork City Administration 1912-1913. Seated: Councilman William Thornton, Mayor John F Noyes; Councilman Thomas (future mayor 1924-1925). Standing: City Recorder Joseph B Forbes (father of AF Education), Councilman George F Shelley (History of AF); Councilman Leo T Shelley; Councilman John Hunter (future mayor 1916-1917).



STATISTICAL SECTION

This part of the City of American Fork annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

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REVENUE CAPACITY – These schedules contain information to help the reader assess the city's most significant local revenue sources: Property tax, sales tax, and water revenue.

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DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the government's ability to issue additional debt in the future.

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OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Operating Indicators by Function/Program	145
Capital Asset Statistics by Function/Program	147

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF AMERICAN FORK
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 97,367,724	\$ 98,676,695	\$ 81,813,415	\$ 98,680,292	\$ 119,279,602
Restricted	24,872,873	42,607,529	78,042,496	77,035,674	61,711,701
Unrestricted	17,912,573	27,061,020	27,431,377	26,404,764	41,680,278
Total Governmental Activities Net Position	<u>140,153,170</u>	<u>168,345,244</u>	<u>187,287,288</u>	<u>202,120,730</u>	<u>222,671,581</u>
Business-type Activities					
Net Investment in Capital Assets	97,098,040	98,211,141	102,310,742	122,368,355	131,740,697
Restricted	16,083,029	10,950,531	17,196,088	18,209,636	17,636,848
Unrestricted	4,973,512	26,959,317	35,071,033	31,326,159	31,989,221
Total Business-type Activities Net Position	<u>118,154,581</u>	<u>136,120,989</u>	<u>154,577,863</u>	<u>171,904,150</u>	<u>181,366,766</u>
Primary Government					
Net Investment in Capital Assets	194,465,764	196,887,836	184,124,157	221,048,647	251,020,299
Restricted	40,955,902	53,558,060	95,238,584	95,245,310	79,348,549
Unrestricted	22,886,085	54,020,337	62,502,410	57,730,923	73,669,499
Total Governmental Activities Net Position	<u>\$ 258,307,751</u>	<u>\$ 304,466,233</u>	<u>\$ 341,865,151</u>	<u>\$ 374,024,880</u>	<u>\$ 404,038,347</u>
	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities					
Net Investment in Capital Assets	\$ 86,460,099	\$ 87,054,735	\$ 88,241,186	\$ 90,845,044	\$ 93,665,386
Restricted	6,005,550	8,881,901	17,382,879	18,527,450	22,448,878
Unrestricted	4,989,870	4,882,410	777,657	5,205,301	10,008,510
Total Governmental Activities Net Position	<u>97,455,519</u>	<u>100,819,046</u>	<u>106,401,722</u>	<u>114,577,795</u>	<u>126,122,774</u>
Business-type Activities					
Net Investment in Capital Assets	50,007,841	58,941,525	66,109,556	75,253,929	80,253,639
Restricted	-	2,638	1,254,015	2,232,191	5,389,489
Unrestricted	8,318,150	9,748,980	12,271,111	17,535,009	19,903,567
Total Business-type Activities Net Position	<u>58,325,991</u>	<u>68,693,143</u>	<u>79,634,682</u>	<u>95,021,129</u>	<u>105,546,695</u>
Primary Government					
Net Investment in Capital Assets	136,467,940	145,996,260	154,350,742	166,098,973	173,919,025
Restricted	6,005,550	8,884,539	18,636,894	20,759,641	27,838,367
Unrestricted	13,308,020	14,631,390	13,048,768	22,740,310	29,912,077
Total Primary Government Net Position	<u>\$ 155,781,510</u>	<u>\$ 169,512,189</u>	<u>\$ 186,036,404</u>	<u>\$ 209,598,924</u>	<u>\$ 231,669,469</u>

CITY OF AMERICAN FORK**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental Activities:					
General Government	\$ 3,572,021	\$ 2,795,355	\$ 2,070,697	\$ 2,452,330	\$ 2,197,343
Community Services***	-	-	-	3,471,468	3,633,976
Public Safety	7,943,707	9,030,405	10,267,680	10,648,298	10,411,791
Public Improvements (Public Works)	4,564,325	9,378,361	8,216,172	8,701,583	11,645,677
Parks, Recreation, and Culture	5,218,915	6,006,337	7,310,967	-	-
Recreation and Culture***	-	-	-	3,956,814	3,592,816
Development Services	-	-	-	-	-
Redevelopment/Public Improvement*	-	704,508.00	571,588	581,388	627,987
Other	2,419,737	1,619,476	2,043,773	1,189,608	922,355
Interest on Long-term Debt	237,068	179,763	142,936	187,983	198,317
Total Governmental Activities Expenses	<u>23,955,773</u>	<u>29,714,205</u>	<u>30,623,813</u>	<u>31,189,472</u>	<u>33,230,262</u>
Business-type Activities					
Utility*	11,731,500	11,267,151	-	-	-
Water	-	-	6,542,288	6,624,070	6,956,281
Sewer	-	-	3,065,987	4,474,585	4,323,263
Storm Drain	-	-	791,803	1,060,060	1,039,367
Sanitation & Recycling	-	-	1,233,453	1,284,101	1,460,830
Broadband	322,303	362,011	295,890	476,902	550,118
Total Business-type Activities Expenses	<u>12,053,803</u>	<u>11,629,162</u>	<u>11,929,421</u>	<u>13,919,718</u>	<u>14,329,859</u>
Total Primary Government Expenses	<u>36,009,576</u>	<u>41,343,367</u>	<u>42,553,234</u>	<u>45,109,190</u>	<u>47,560,121</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	3,307,663	2,097,362	1,392,988	2,567,789	2,789,007
Community Services***	-	-	-	346,240	332,102
Public Safety	2,059,157	1,935,945	2,828,770	2,485,530	3,384,129
Public Improvements (Public Works)*	-	3,353,292	1,971,531	1,524,178	2,011,386
Parks, Recreation, and Culture	2,793,323	2,360,776	2,421,329	-	-
Recreation and Culture***	-	-	-	2,268,153	1,856,633
Development Services	-	-	-	-	-
Other	1,454,551	237,238	616,261	2,138,820	913,174
Operating Grants and Contributions	1,194,235	150,212	197,024	210,911	1,620,919
Capital Grants and Contributions	5,989,128	6,091,008	8,080,920	8,350,932	10,129,814
Total Governmental Activities Programs Revenues	<u>16,798,057</u>	<u>16,225,833</u>	<u>17,508,823</u>	<u>19,892,553</u>	<u>23,037,164</u>
Business-type Activities:					
Charges for Services:					
Utility**	12,788,919	13,107,302	-	-	-
Water**	-	-	7,637,581	8,120,892	8,251,768
Sewer**	-	-	5,033,463	5,648,326	5,976,165
Storm Drain**	-	-	1,253,989	1,420,049	1,499,039
Sanitation**	-	-	1,339,449	1,392,773	1,496,757
Broadband**	282,809	143,028	206,741	233,303	183,034
Capital Grants and Contributions	1,493,957	8,722,345	8,121,255	12,239,099	7,130,448
Total Business-type Activities Program Revenues	<u>14,565,685</u>	<u>21,972,675</u>	<u>23,592,478</u>	<u>29,054,442</u>	<u>24,537,211</u>
Total Primary Governmental Program Revenues	<u>31,363,742</u>	<u>38,198,508</u>	<u>41,101,301</u>	<u>48,946,995</u>	<u>47,574,375</u>

CITY OF AMERICAN FORK**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(7,157,716)</u>	<u>(13,488,372)</u>	<u>(13,114,990)</u>	<u>(11,296,919)</u>	<u>(10,193,098)</u>
Business-type Activities	<u>2,511,882</u>	<u>10,343,513</u>	<u>11,663,057</u>	<u>15,134,724</u>	<u>10,207,352</u>
Total Primary Government Net Expense	<u>(4,645,834)</u>	<u>(3,144,859)</u>	<u>(1,451,933)</u>	<u>3,837,805</u>	<u>14,254</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	5,752,741	5,631,704	5,925,821	6,433,001	6,595,930
Sales and Use Taxes	7,966,842	8,667,242	9,138,947	9,955,823	12,091,884
Energy Sales and Use Tax	1,438,048	1,556,309	1,727,350	1,745,911	1,787,645
Other Taxes	577,903	779,594	765,163	752,129	754,486
Gain (Loss) on Disposition of Capital Assets	28,918	193,971	4,028	24,085	21,328
Investment Earnings	128,617	288,598	414,839	813,766	660,147
Transfers	<u>336,667</u>	<u>92,200</u>	<u>721,518</u>	<u>(251,723)</u>	<u>(318,214)</u>
Total Governmental Activities	<u>16,229,736</u>	<u>17,209,618</u>	<u>18,697,666</u>	<u>19,472,992</u>	<u>21,593,206</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	15,980.00	8,678	-	-	-
Investment Earnings	39,942	107,161	-	-	-
Transfers	<u>(336,667)</u>	<u>(92,200)</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Business-type Activities	<u>(280,745)</u>	<u>23,639</u>	<u>(721,518)</u>	<u>251,723</u>	<u>318,214</u>
Total Primary Government	<u>15,948,991</u>	<u>17,233,257</u>	<u>17,976,148</u>	<u>19,724,715</u>	<u>21,911,420</u>
Change in Net Position					
Governmental Activities	9,072,020	3,721,246	5,582,676	8,176,073	11,400,108
Business-type Activities	<u>2,231,137</u>	<u>10,367,152</u>	<u>10,941,539</u>	<u>15,386,447</u>	<u>10,525,566</u>
Total Primary Government	<u>\$ 11,303,157</u>	<u>\$ 14,088,398</u>	<u>\$ 16,524,215</u>	<u>\$ 23,562,520</u>	<u>\$ 21,925,674</u>

*New functional breakout for fiscal year 2017

**Utility fund was split into separate functional categories beginning fiscal year 2018

***New Functional breakout for fiscal year 2019. In 2023, Recreation and Culture was moved into Community Services.

CITY OF AMERICAN FORK
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Expenses					
Governmental Activities:					
General Government	\$ 2,350,712	\$ 2,182,797	\$ 2,412,585	\$ 2,863,073	\$ 3,260,902
Community Services***	5,435,967	3,361,622	10,300,967	10,561,730	9,153,810
Public Safety	12,164,938	13,542,409	15,778,040	17,773,698	19,943,264
Public Improvements (Public Works)	9,077,518	6,224,828	5,340,752	6,207,383	5,282,880
Parks, Recreation, and Culture	-	-	-	-	-
Recreation and Culture***	4,358,155	4,027,843	-	-	-
Development Services	-	-	2,385,058	2,620,731	2,599,673
Redevelopment/Public Improvement*	713,764	94,306	548,526	2,493,556	587,334
Other	486,185	158,880	219,666	327,042	333,645
Interest on Long-term Debt	396,874	344,726	1,488,367	1,542,106	1,739,366
Total Governmental Activities Expenses	<u>34,984,113</u>	<u>29,937,411</u>	<u>38,473,961</u>	<u>44,389,319</u>	<u>42,900,874</u>
Business-type Activities					
Utility*	-	-	-	-	-
Water	8,892,333	8,285,395	7,426,234	7,777,205	8,922,106
Sewer	4,452,844	4,365,937	5,063,286	5,096,579	6,416,507
Storm Drain	1,869,070	1,676,574	1,691,748	2,252,591	2,160,242
Sanitation & Recycling	1,560,225	1,720,996	1,931,866	2,232,314	2,359,907
Broadband	337,443	318,693	535,553	436,515	409,928
Total Business-type Activities Expenses	<u>17,111,915</u>	<u>16,367,595</u>	<u>16,648,687</u>	<u>17,795,204</u>	<u>20,268,690</u>
Total Primary Government Expenses	<u>52,096,028</u>	<u>46,305,006</u>	<u>55,122,648</u>	<u>62,184,523</u>	<u>63,169,564</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	1,338,586	1,204,711	1,463,517	1,325,958	1,650,883
Community Services***	437,666	472,930	3,389,629	3,488,471	3,516,649
Public Safety	3,825,095	4,638,393	4,510,878	5,726,548	5,831,522
Public Improvements (Public Works)*	4,790,375	6,032,800	1,862,697	2,486,848	2,622,638
Parks, Recreation, and Culture	-	-	-	-	-
Recreation and Culture***	2,329,541	2,700,372	-	-	-
Development Services	-	-	2,699,724	2,206,484	1,709,172
Other	1,005,641	1,705,267	1,304,308	1,250,744	1,150,032
Operating Grants and Contributions	1,492,758	368,891	745,721	584,768	464,408
Capital Grants and Contributions****	11,367,326	16,274,934	10,358,767	5,631,116	6,142,037
Total Governmental Activities Programs Revenues:	<u>26,586,988</u>	<u>33,398,298</u>	<u>26,335,241</u>	<u>22,700,937</u>	<u>23,087,341</u>
Business-type Activities:					
Charges for Services:					
Utility**	-	-	-	-	-
Water**	8,890,001	11,010,532	11,862,227	10,819,506	10,912,159
Sewer**	6,157,205	6,445,284	7,701,988	9,470,572	11,525,839
Storm Drain**	1,615,872	1,960,946	2,314,589	2,692,800	3,492,870
Sanitation**	1,585,056	1,735,662	1,901,950	2,433,706	2,541,664
Broadband**	167,770	196,832	215,209	228,961	211,809
Capital Grants and Contributions	9,379,452	12,534,837	7,317,626	8,973,979	5,695,886
Total Business-type Activities Program Revenues	<u>27,795,356</u>	<u>33,884,093</u>	<u>31,313,589</u>	<u>34,619,524</u>	<u>34,380,227</u>
Total Primary Governmental Program Revenues	<u>54,382,344</u>	<u>67,282,391</u>	<u>57,648,830</u>	<u>57,320,461</u>	<u>57,467,568</u>

CITY OF AMERICAN FORK
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Net (Expense)/Revenue					
Governmental Activities	<u>(8,397,125)</u>	<u>3,460,887</u>	<u>(12,138,720)</u>	<u>(21,688,382)</u>	<u>(19,813,533)</u>
Business-type Activities	<u>10,683,441</u>	<u>17,516,498</u>	<u>14,664,902</u>	<u>16,824,320</u>	<u>14,111,537</u>
Total Primary Government Net Expense	<u>2,286,316</u>	<u>20,977,385</u>	<u>2,526,182</u>	<u>(4,864,062)</u>	<u>(5,701,996)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes					
Property Taxes	7,044,759	7,117,911	9,109,563	11,051,826	11,863,668
Sales and Use Taxes	14,545,712	15,898,252	16,451,245	17,046,290	18,399,825
Energy Sales and Use Tax	1,877,545	2,033,875	2,533,563	2,632,929	2,669,602
Other Taxes	704,736	692,120	731,084	825,546	877,144
Gain (Loss) on Disposition of Capital Assets	-	-	-	-	-
Investment Earnings	324,085	(561,060)	3,047,281	5,467,200	4,905,224
Transfers	<u>(1,924,445)</u>	<u>(449,911)</u>	<u>(791,972)</u>	<u>(501,967)</u>	<u>1,648,921</u>
Total Governmental Activities	<u>22,572,392</u>	<u>24,731,187</u>	<u>31,080,764</u>	<u>36,521,824</u>	<u>40,364,384</u>
Business-type Activities:					
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-
Investment Earnings	-	-	-	-	-
Transfers	<u>1,924,445</u>	<u>449,911</u>	<u>791,972</u>	<u>501,967</u>	<u>(1,648,921)</u>
Total Business-type Activities	<u>1,924,445</u>	<u>449,911</u>	<u>791,972</u>	<u>501,967</u>	<u>(1,648,921)</u>
Total Primary Government	<u>24,496,837</u>	<u>25,181,098</u>	<u>31,872,736</u>	<u>37,023,791</u>	<u>38,715,463</u>
Change in Net Position					
Governmental Activities	14,175,267	28,192,074	18,942,044	14,833,442	20,550,851
Business-type Activities	<u>12,607,886</u>	<u>17,966,409</u>	<u>15,456,874</u>	<u>17,326,287</u>	<u>12,462,616</u>
Total Primary Government	<u>\$ 26,783,153</u>	<u>\$ 46,158,483</u>	<u>\$ 34,398,918</u>	<u>\$ 32,159,729</u>	<u>\$ 33,013,467</u>

CITY OF AMERICAN FORK
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Fund					
Nonspendable	\$ 15,633	\$ 12,494	\$ 373,685	\$ 112,875	\$ 132,980
Restricted	5,269,294	5,249,213	4,880,564	4,639,722	3,483,591
Unassigned	<u>5,945,104</u>	<u>6,930,864</u>	<u>7,734,173</u>	<u>8,907,748</u>	<u>10,463,180</u>
Total General Fund	<u>\$ 11,230,031</u>	<u>\$ 12,192,571</u>	<u>\$ 12,988,422</u>	<u>\$ 13,660,345</u>	<u>\$ 14,079,751</u>
All Other Governmental Funds					
Nonspendable	\$ 15,894	\$ 984,599	\$ 1,088,658	\$ 1,232,256	\$ 1,348,325
Restricted	33,546,036	49,181,704	79,527,635	75,151,532	59,860,128
Committed	255,156	255,156	400,456	470,993	508,355
Assigned	9,111,329	6,698,886	12,075,649	11,015,713	26,810,560
Unassigned	<u>-</u>	<u>946,156</u>	<u>-</u>	<u>(13,227)</u>	<u>(15,071)</u>
Total All Other Governmental Funds	<u>\$ 42,928,415</u>	<u>\$ 58,066,501</u>	<u>\$ 93,092,398</u>	<u>\$ 87,857,267</u>	<u>\$ 88,512,297</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ -	\$ 344,182	\$ 394,389	\$ 32,488	\$ 1,613
Restricted	-	22,331	52,780	30,325	-
Unassigned	<u>4,737,401</u>	<u>3,688,156</u>	<u>2,429,940</u>	<u>2,672,934</u>	<u>6,243,556</u>
Total General Fund	<u>\$ 4,737,401</u>	<u>\$ 4,054,669</u>	<u>\$ 2,883,109</u>	<u>\$ 2,992,113</u>	<u>\$ 6,245,169</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ 4,455	\$ 448,198	\$ 18,428	\$ 18,428
Restricted	6,005,550	8,859,570	17,382,879	21,080,214	31,485,052
Committed	-	152,926	174,738	211,958	224,756
Assigned	<u>2,429,673</u>	<u>3,875,840</u>	<u>4,783,618</u>	<u>5,438,250</u>	<u>7,808,193</u>
Total All Other Governmental Funds	<u>\$ 8,435,223</u>	<u>\$ 12,892,791</u>	<u>\$ 22,789,433</u>	<u>\$ 26,748,850</u>	<u>\$ 39,536,429</u>

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(continued)

	Fiscal Year				
	<u>2016</u>	<u>2017*</u>	<u>2018</u>	<u>2019**</u>	<u>2020</u>
Revenues					
Taxes	\$ 14,917,330	\$ 16,641,779	\$ 17,563,850	\$ 18,857,890	\$ 21,257,199
Licenses and Permits	786,932	1,311,426	1,185,745	1,242,592	1,367,011
Intergovernmental	3,779,854	1,871,476	2,517,779	2,133,364	3,521,719
Charges for Services	3,988,112	7,691,921	6,575,437	6,930,953	8,146,736
Other Fees and Services	4,929,863	-	-	-	-
Fines and Forfeitures	384,286	301,237	320,271	348,056	353,424
Impact Fees	1,934,551	3,508,153	4,536,791	4,044,480	5,943,233
Interest	128,618	288,598	412,905	812,425	656,431
Miscellaneous	567,689	728,838	897,644	1,058,436	866,178
Total Revenues	<u>31,417,235</u>	<u>32,343,428</u>	<u>34,010,422</u>	<u>35,428,196</u>	<u>42,111,931</u>
Expenditures					
General Government	3,577,553	2,741,637	2,260,197	2,381,050	2,166,929
Community Services	-	-	-	6,883,021	6,729,475
Public Safety	7,627,068	8,451,433	9,417,218	9,487,030	11,424,309
Public Works	3,001,782	5,380,072	4,137,204	4,702,513	4,748,529
Parks, Recreation, and Culture	5,044,723	5,438,651	6,784,885	-	-
Development Services	-	-	-	-	-
Redevelopment and Public Improvement	-	704,508	571,588	581,388	627,498
Other	2,330,496	1,541,899	1,566,918	765,894	423,586
Debt Service					
Principal	2,314,469	2,255,082	3,049,737	1,753,000	1,125,000
Interest and Fiscal Charges	234,690	176,689	136,991	156,884	131,933
Capital Outlay	<u>8,047,570</u>	<u>2,761,639</u>	<u>1,612,133</u>	<u>3,659,238</u>	<u>6,947,007</u>
Total Expenditures	<u>32,178,351</u>	<u>29,451,610</u>	<u>29,536,871</u>	<u>30,370,018</u>	<u>34,324,266</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(761,116)</u>	<u>2,891,818</u>	<u>4,473,551</u>	<u>5,058,178</u>	<u>7,787,665</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ -	\$ 588,292	\$ 4,000,000	\$ -	\$ 8,601,366
Sale of Capital Assets	-	202,526	4,500	4,000	8,880
Capital Contributions	-	-	-	-	84,794
Transfers In	5,514,325	5,323,200	6,700,062	3,774,702	3,452,543
Transfers Out	<u>(5,177,658)</u>	<u>(5,231,000)</u>	<u>(6,906,200)</u>	<u>(4,315,290)</u>	<u>(3,894,613)</u>
Total Other Financing Sources (Uses)	<u>336,667</u>	<u>883,018</u>	<u>3,798,362</u>	<u>(536,588)</u>	<u>8,252,970</u>
Net Change in Fund Balances	<u>\$ (424,449)</u>	<u>\$ 3,774,836</u>	<u>\$ 8,271,913</u>	<u>\$ 4,521,590</u>	<u>\$ 16,040,635</u>
Debt Service as a Percentage of Noncapital Expenditures	10.6%	9.1%	11.4%	7.2%	4.6%

* Function reporting categories were changed in fiscal year 2017.

**In 2019 Community Services department was created in lieu of Parks, Recreation, Culture.

***In 2023, Planning and Building Inspection was moved from Public Works to Development Services and Facilities Maintenance was moved from Public Works to Community Services.

CITY OF AMERICAN FORK
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023***</u>	<u>2024</u>	<u>2025</u>
Revenues					
Taxes	\$ 24,172,751	\$ 25,742,163	\$ 28,825,458	\$ 31,556,590	\$ 33,810,238
Licenses and Permits	2,004,823	3,030,020	1,930,213	1,528,099	1,347,180
Intergovernmental	4,009,917	2,501,719	3,778,897	2,809,239	5,085,980
Charges for Services	9,806,458	11,088,738	10,766,090	12,222,028	12,484,026
Other Fees and Services	-	-	-	-	-
Fines and Forfeitures	391,977	394,258	355,961	360,690	428,159
Impact Fees	8,267,259	12,779,548	6,647,131	2,560,733	1,320,484
Interest	321,367	380,053	3,047,277	5,467,199	4,906,065
Miscellaneous	1,120,623	948,273	1,552,640	1,969,409	991,073
Total Revenues	<u>50,095,175</u>	<u>56,864,772</u>	<u>56,903,667</u>	<u>58,473,987</u>	<u>60,373,205</u>
Expenditures					
General Government	2,368,875	2,251,045	2,575,740	2,959,148	3,318,649
Community Services	7,773,292	7,656,543	9,665,603	9,658,216	10,392,938
Public Safety	12,162,585	13,848,122	15,444,062	16,774,526	18,254,560
Public Works	5,176,310	6,547,617	4,218,597	4,217,692	4,207,784
Parks, Recreation, and Culture	-	-	-	-	-
Development Services	-	-	1,395,343	1,546,390	1,570,180
Redevelopment and Public Improvement	704,071	94,306	548,526	2,493,556	587,334
Other	470,994	377,363	254,245	252,576	275,562
Debt Service					
Principal	865,000	725,995	1,757,000	1,425,000	1,490,000
Interest and Fiscal Charges	367,257	348,714	1,573,523	1,636,385	1,573,073
Capital Outlay	<u>8,770,528</u>	<u>8,188,128</u>	<u>14,122,124</u>	<u>21,630,655</u>	<u>19,347,264</u>
Total Expenditures	<u>38,658,912</u>	<u>40,037,833</u>	<u>51,554,763</u>	<u>62,594,144</u>	<u>61,017,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11,436,263</u>	<u>16,826,939</u>	<u>5,348,904</u>	<u>(4,120,157)</u>	<u>(644,139)</u>
Other Financing Sources (Uses)					
Issuance of Long Term Debt	\$ (2,000)	\$ -	\$ 31,736,067	\$ -	\$ -
Sale of Capital Assets	7,365	18,619	17,415	271,700	1,600
Capital Contributions	2,340	62,984	-	-	280,376
Transfers In	2,315,105	8,434,841	8,779,263	10,666,396	12,363,941
Transfers Out	<u>(5,382,226)</u>	<u>(9,242,756)</u>	<u>(10,059,902)</u>	<u>(11,381,148)</u>	<u>(10,927,341)</u>
Total Other Financing Sources (Uses)	<u>(3,059,416)</u>	<u>(726,312)</u>	<u>30,472,843</u>	<u>(443,052)</u>	<u>1,718,576</u>
Net Change in Fund Balances	<u>\$ 8,376,847</u>	<u>\$ 16,100,627</u>	<u>\$ 35,821,747</u>	<u>\$ (4,563,209)</u>	<u>\$ 1,074,437</u>
Debt Service as a Percentage of Noncapital Expenditures	4.1%	3.4%	8.9%	7.5%	7.4%

CITY OF AMERICAN FORK**Assessed Value and Estimated Actual Value of Taxable Property**

Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2016	1,696,868,031	129,305,097	1,826,173,128	0.002362	2,599,350,351	70.25%
2017	1,830,812,843	148,940,897	1,979,753,740	0.002261	2,809,050,255	70.48%
2018	2,048,719,252	163,437,866	2,212,157,118	0.002082	3,146,551,146	70.30%
2019	2,244,488,155	170,056,220	2,414,544,375	0.002077	3,467,040,272	69.64%
2020	2,636,072,082	182,553,694	2,818,625,776	0.002027	4,061,096,712	69.41%
2021	2,952,765,239	207,127,710	3,159,892,949	0.001906	4,563,721,747	69.24%
2022	3,289,790,774	223,773,934	3,513,564,708	0.001687	5,121,252,193	68.61%
2023	4,559,499,952	257,188,892	4,816,688,844	0.001679	7,120,194,253	67.65%
2024	4,821,811,374	270,390,793	5,092,202,167	0.001778	7,610,904,354	66.91%
2025	5,227,784,843	321,790,990	5,549,575,833	0.001697	8,249,696,234	67.27%

(1) Personal Property has been combined with centrally assessed values.

Source: Utah State Tax Commission - Property Tax Division - <https://taxrates.utah.gov>

CITY OF AMERICAN FORK
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates					Total Tax Rate
	City Rates	Total Direct Rate	School Districts	County Assessing and Collecting	Utah County	Central Utah Water Conservancy District	North Utah County Water Conservancy District	
2016	2.362	2.362	8.177	0.228	0.870	0.405	0.024	12.066
2017	2.261	2.261	7.718	0.215	0.834	0.400	0.023	11.451
2018	2.082	2.082	7.167	0.190	0.779	0.400	0.021	10.639
2019	2.077	2.077	7.033	0.179	0.732	0.400	0.019	10.440
2020	2.027	2.027	6.699	0.167	0.672	0.400	0.017	9.982
2021	1.906	1.906	6.800	0.161	1.041	0.400	0.016	10.324
2022	1.687	1.687	6.904	0.154	0.853	0.400	0.015	10.013
2023	1.679	1.679	5.724	0.126	0.661	0.400	0.012	8.602
2024	1.778	1.778	5.518	0.115	0.656	0.400	0.012	8.479
2025	1.697	1.697	6.115	0.124	0.652	0.400	0.012	9.000

 Source: Utah State Property Tax Division - <https://taxrates.utah.gov/>

CITY OF AMERICAN FORK
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2024 (Tax Calendar Year)			2015 (Tax Calendar Year)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
AFCC Limited	\$ 134,268,900	1	2.64%	\$ 14,638,419	1	0.88%
860 Place Properties	41,143,685	2	0.81%			
North Pointe Buildings LLC	39,366,700	3	0.77%			
Roderick Catalyst 1-3 LLC	37,240,900	4	0.73%			
Spork Land LLC	36,703,800	5	0.72%			
Woodside Homes of Utah LLC	34,747,910	6	0.68%			
Roderick Catalyst Business Park LLC	34,266,765	7	0.67%			
Maps 1222 South 500 East UT LLC	31,954,300	8	0.63%			
Roderick Enterprises	29,221,289	9	0.57%			
Walmart Real Estate Business Trust	29,204,300	10	0.57%	9,657,600	3	0.58%
Qwest Corp FKA US West Comm				12,559,419	2	0.75%
Pacificorp				8,857,340	4	0.53%
TL Acquisitions Corp				8,411,647	5	0.50%
Home Depot USA Inc				6,982,047	6	0.42%
Target Corporation				6,395,312	7	0.38%
Progression LLC				5,810,200	8	0.35%
Walmart Realty				5,209,138	9	0.31%
Tropical Development				5,200,000	10	0.31%
Total	<u>\$ 448,118,549</u>		<u>8.80%</u>	<u>\$ 83,721,122</u>		<u>5.01%</u>

Source: Utah County Assessor's Office

CITY OF AMERICAN FORK
Property Tax Levied and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collections for Prior Years	Amount	Percentage of Levy
2016	4,328,459	3,975,401	91.84%	352,894	4,328,295	100.00%
2017	4,486,561	4,159,969	92.72%	415,583	4,575,552	101.98%
2018	4,625,924	4,301,956	93.00%	247,338	4,549,294	98.34%
2019	5,015,580	4,742,197	94.55%	243,333	4,985,530	99.40%
2020	5,719,547	5,387,654	94.20%	361,968	5,749,622	100.53%
2021	6,040,115	5,676,393	93.98%	344,970	6,021,363	99.69%
2022	5,963,234	5,577,748	93.54%	540,122	6,117,870	102.59%
2023	8,088,751	7,654,979	94.64%	477,410	8,132,389	100.54%
2024	9,032,062	8,582,635	95.02%	161,620	8,744,255	96.81%
2025	9,439,668	9,021,890	95.57%	155,707	9,177,597	97.22%

Source: Taxrates.utah.gov (TC-750 Report)

CITY OF AMERICAN FORK
Principal Sales Tax Payers
Current Year and Ten Years Ago

Tax Payer*	2025			2017**		
	American Fork Direct POS	Rank	Percentage of Total Direct POS	American Fork Direct POS	Rank	Percentage of Total Direct POS
Auto Sales	\$ 1,127,960	1	6.13%	\$ -		
Retail	1,116,342	2	6.07	-		
Auto Sales	1,003,218	3	5.45	-		
Auto Sales	786,176	3	4.27	-		
Retail	767,073	4	4.17	-		
Retail	587,266	5	3.19	-		
Retail	494,504	7	2.69	-		
Auto Sales	352,989	6	1.92	-		
Auto Sales	345,596	8	1.88	-		
Utility/Communication	337,312	9	1.83	-		
Retail	328,242	10	1.78	-		
Auto Sales	-			893,889	1	27%
Retail	-			837,858	2	24%
Auto Sales	-			626,349	3	9%
Retail	-			519,721	4	9%
Retail	-			370,202	5	6%
Auto Sales	-			359,556	6	4%
Retail	-			182,859	7	3%
Utility/Communication	-			167,751	8	3%
Auto Sales	-			143,382	9	2%
Retail	-			133,129	10	1%
Total	<u>\$ 7,246,677</u>		<u>39.38%</u>	<u>\$ 4,234,696</u>		<u>48.86%</u>

Source: Utah State Tax Commission

*Due to state statute, taxpayer industries have been published rather than taxpayer names.

**Data from 2016 was unavailable, therefore 2017 data was used.

CITY OF AMERICAN FORK
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Fiscal Year	American Fork City Direct Rate	Utah County	State of Utah	Transit and Highways	Transportation Infrastructure	PARC Tax	Total Tax Rate
2016	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2017	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2018	1.00%	0.25%	4.70%	0.80%	-	0.10%	6.85%
2019	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2020	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2021	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2022	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2023	1.00%	0.25%	4.85%	0.80%	0.25%	0.10%	7.25%
2024	1.00%	0.25%	4.85%	1.00%	0.25%	0.10%	7.45%
2025	1.00%	0.25%	4.85%	1.00%	0.25%	0.10%	7.45%

Sources: Utah State Tax Commission
<http://www.tax.utah.gov/sales/rates>

CITY OF AMERICAN FORK**Charges for Water Fees**

Last Ten Fiscal Years

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Water Sales	\$ 5,718,714	\$ 5,935,972	\$ 6,042,940	\$ 6,291,352	\$ 6,740,828
Secondary Water Sales	2,969,170	2,918,711	3,026,434	3,181,009	3,323,692
Other	7,239,942	9,286,305	4,705,340	4,776,250	3,536,399
Total Water Fund Revenue	<u>\$ 15,927,827</u>	<u>\$ 18,140,988</u>	<u>\$ 13,774,714</u>	<u>\$ 14,248,611</u>	<u>\$ 13,600,919</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales	\$ 4,185,727	\$ 4,316,570	\$ 4,399,842	\$ 3,881,868	\$ 5,086,565
Secondary Water Sales	2,462,927	2,505,756	2,553,601	2,667,593	2,865,788
Other	1,267,982	7,645,915	7,395,504	11,168,805	5,788,741
Total Water Fund Revenue	<u>\$ 7,916,636</u>	<u>\$ 14,468,241</u>	<u>\$ 14,348,947</u>	<u>\$ 17,718,266</u>	<u>\$ 13,741,094</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK**Charges for Sewer and Storm Drain Fees**

Last Ten Fiscal Years

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Sewer Fees	\$ 6,092,136	\$ 6,616,461	\$ 7,130,180	\$ 8,374,578	\$ 10,279,418
Storm Drain Fees	1,479,090	1,735,073	2,070,194	2,391,763	3,205,324
Other	2,543,478	3,258,157	1,921,731	2,740,860	3,601,782
Total Water Fund Revenue	<u>\$ 10,114,704</u>	<u>\$ 11,609,691</u>	<u>\$ 11,122,106</u>	<u>\$ 13,507,201</u>	<u>\$ 17,086,524</u>

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sewer Fees	\$ 4,685,966	\$ 4,694,400	\$ 4,891,557	\$ 5,475,826	\$ 5,794,583
Storm Drain Fees	1,137,066	1,136,912	1,222,772	1,332,886	1,380,754
Other	591,714	1,634,158	1,583,012	2,901,388	1,940,989
Total Water Fund Revenue	<u>\$ 6,414,746</u>	<u>\$ 7,465,470</u>	<u>\$ 7,697,341</u>	<u>\$ 9,710,100</u>	<u>\$ 9,116,326</u>

Source: City of American Fork

Note: Other includes Finance Charges, Connection Fees, Impact Fees, Interest Earnings, and Donated Assets

CITY OF AMERICAN FORK**Ratios of Outstanding Debt by Type**

Last Ten Years

(dollars in thousands except per capita)

Governmental Activities					
Fiscal Year	General Obligation Bonds	Revenue Bonds	Financed Purchases (4)		
2016	5,280	2,200	204		
2017	3,645	1,743	629		
2018	1,955	4,383	1,157		
2019	940	3,645	1,137		
2020	8,924	3,285	2,746		
2021	8,389	2,915	2,208		
2022	8,024	4,271	1,794		
2023	7,645	32,785	1,295		
2024	7,250	31,645	931		
2025	6,835	30,461	633		

Business-type Activities				Percentage of	
Fiscal Year	General Obligation Bonds	Revenue Bonds	Total Primary Government	Personal Income (3)	Per Capita (5)
2016	43,621	705	52,010	8.04%	1,808
2017	42,048	672	48,737	7.04%	1,651
2018	40,414	638	48,547	6.11%	1,493
2019	41,960	603	48,285	5.78%	1,456
2020	39,972	567	55,494	5.20%	1,665
2021	35,048	12,750	61,310	5.75%	1,781
2022	33,099	12,750	59,938	5.62%	1,608
2023	28,851	21,438	92,013	8.63%	2,387
2024	28,966	20,855	89,648	8.41%	2,326
2025	26,763	20,267	84,959	7.97%	2,057

Notes: (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) Debt Outstanding includes bond premiums

(3) See Demographic and Economic Statistics for personal income and population data.

2021 -2024 Percentage of Personal Income is based on 2020 Adjusted Gross Income.

(4) Leases were redefined with the issuance of GASB 87. Prior to 2022, leases were classified as capital leases and included financed purchases.

(5) 2024 Debt Per Capita is based on 2023 population as reported by U.S. Census

CITY OF AMERICAN FORK
Ratios of General Bonded Debt Outstanding
 Last Ten Years
 (dollars in thousands except per capita)

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2016	48,901	-	48,901	1.88%	1,700
2017	45,693	-	45,693	1.63%	1,547
2018	42,369	-	42,369	1.35%	1,303
2019	39,640	-	39,640	1.14%	1,195
2020	45,126	-	45,126	1.11%	1,354
2021	43,437	-	43,437	0.95%	1,262
2022	41,123	-	41,123	0.80%	1,103
2023	36,496	367	36,129	0.51%	937
2024	36,216	386	35,830	0.47%	929
2025	33,598	410	33,188	0.40%	804

- Notes:
- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
 - (2) This is the amount restricted for debt service principal payments.
 - (3) See the schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.
 - (4) Population data can be found in the Schedule of Demographic and Economic Statistics.
 2023 Debt Per Capita is based on 2022 population.

CITY OF AMERICAN FORK
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Alpine School District	267,680,000	9.71%	25,989,919
Central Utah Water Conservation District	108,304,653	6.43%	<u>6,961,123</u>
Subtotal overlapping debt			32,951,043
City direct debt			<u>37,929,144</u>
Total direct and overlapping debt			<u>\$ 70,880,187</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of American Fork. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

CITY OF AMERICAN FORK
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Value	\$ 5,549,576
Reasonable Fair Cash Value	\$ 8,249,696
Debt Limit (12% of Reasonable Cash Value)	989,964
Debt applicable to limit:	
General obligation bonds	33,188
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>33,188</u>
Legal debt margin	<u>\$ 956,776</u>

	Fiscal Year				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt limit					
General (4% Fair Cash Value)	\$ 182,549	\$ 204,850	\$ 284,808	\$ 304,436	\$ 329,988
Water and Sewer (8% Fair Cash Value)	<u>365,098</u>	<u>409,700</u>	<u>569,616</u>	<u>608,872</u>	<u>659,976</u>
Total 12% Debt Limit	547,647	614,550	854,424	913,308	989,964
Total Net Debt Applicable to Limit	<u>39,910</u>	<u>37,840</u>	<u>35,675</u>	<u>33,420</u>	<u>33,188</u>
Legal debt margin	<u>\$ 507,737</u>	<u>\$ 576,710</u>	<u>\$ 818,749</u>	<u>\$ 879,888</u>	<u>\$ 956,776</u>
Total net debt applicable to the limit as a percentage of debt limit	7.29%	6.16%	4.18%	3.66%	3.35%

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit					
General (4% Fair Cash Value)	\$ 103,974	\$ 112,362	\$ 125,862	\$ 138,682	\$ 162,444
Water and Sewer (8% Fair Cash Value)	<u>\$ 207,948</u>	<u>\$ 224,724</u>	<u>\$ 251,724</u>	<u>\$ 277,363</u>	<u>324,888</u>
Total 12% Debt Limit	311,922	337,086	377,586	416,045	487,332
Total Net Debt Applicable to Limit	<u>45,030</u>	<u>42,025</u>	<u>38,905</u>	<u>36,380</u>	<u>42,070</u>
Legal debt margin	<u>\$ 266,892</u>	<u>\$ 295,061</u>	<u>\$ 338,681</u>	<u>\$ 379,665</u>	<u>\$ 445,262</u>
Total net debt applicable to the limit as a percentage of debt limit	14.44%	12.47%	10.30%	8.74%	8.63%

Source: <https://taxrates.utah.gov/>

Notes: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 12% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 8% and any unused portion of the 4% available for general purposes up to the maximum of 12% may be utilized for water and/or sewer purposes.

CITY OF AMERICAN FORK
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Water Revenue Bonds						
Fiscal Year	Utility Service Charge	Less: Operating	Net Available Revenue	Debt Service		Coverage
		Expenses		Principal	Interest	
2016	3,610	1,996	1,614	32	20	31.04
2017	3,825	2,194	1,631	33	20	30.77
2018	4,110	1,526	2,584	34	18	49.69
2019	4,232	1,531	2,701	35	17	51.78
2020	4,215	1,596	2,619	36	16	50.37
2021	4,762	1,907	2,854	37	15	54.89
2022	4,903	1,740	3,163	-	151	20.95
2023	4,890	2,142	2,748	577	104	4.04
2024	5,079	2,054	3,025	583	189	3.92
2025	5,455	2,467	2,988	588	209	3.75

Sales Tax Bonds & Subordinated Sales Tax Bonds				
Fiscal Year	Sales and Use Tax	Debt Service		Coverage
		Principal	Interest	
2016	7,122	501	48	12.97
2017	7,734	457	44	15.44
2018	8,164	460	42	16.26
2019	8,882	355	122	18.62
2020	9,972	360	111	21.17
2021	12,060	370	100	25.66
2022	13,443	380	89	28.66
2023	13,949	1,417	1,061	5.63
2024	14,247	1,070	1,409	5.75
2025	15,066	1,115	1,363	6.08

Source: The City of American Fork

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF AMERICAN FORK
Demographic and Economic Statistics
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (Federal AGI)	Per Capita Personal Income	Unemployment Rate
2016	28,770	646,512,055	22,472	3.5%
2017	29,527	691,839,424	23,431	3.3%
2018	32,519	794,817,085	24,442	3.2%
2019	33,161	836,056,288	25,212	2.7%
2020	33,337	961,380,082	28,838	5.3%
2021	34,422	1,066,191,765	30,974	2.9%
2022	37,268	1,212,957,609	32,547	2.7%
2023	38,549	1,347,919,534	34,966	2.9%
2024	41,298	(2)	37,710	3.8%
2025	(1)	(2)	(1)	3.9%

Sources:

Population Estimates - U.S. Census Bureau

<https://www.census.gov/quickfacts/americanforkcityutah>

Unemployment rate - Bureau of Labor Statistics Provo-Orem UT Metro

Personal income - <http://tax.utah.gov/econstats/income/federal-returns>

Notes:

(1) Federal AGI is not published. Per Capita income is sourced from census.gov

(2) Latest data published is for calendar year 2023.

CITY OF AMERICAN FORK
Principal Employers
Current Year and Ten Years Ago

<u>Employer</u>	<u>2025</u>		<u>2017*</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Alpine Building LLC	500-999	1-3		
American Fork Hospital	500-999	1-3	500-900	2-4
Utah State Developmental Center	500-999	1-3	500-900	2-4
Alpine Board of Education	250-499	4-10	1000-1999	1
American Heritage	250-499	4-10		
Domo Inc	250-499	4-10		
Doug Smith Autoplex, Inc.	250-499	4-10		
Live View Technologies	250-499	4-10		
MedicareMD	250-499	4-10		
Wal-Mart	250-499	4-10	500-900	2-4
Dentrix Dental Systems			250-499	5
Mentoring of America			100-249	6-10
Twinlab Corp			100-249	6-10
The True North Academy			100-249	6-10
The Home Depot			100-249	6-10
Target			100-249	6-10

Source: Utah Department of Workforce Services
<https://jobs.utah.gov/jsp/firmfind/#/largefirmsearch/000049/Utah/results>
*Data from 2016 was unavailable, therefore 2017 data was used.

CITY OF AMERICAN FORK**Full-Time Equivalent City Government Employees by Function/Program**

Last Ten Fiscal Years

(continued)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government					
Administration	11.23	11.90	11.17	11.69	12.01
Economic Development	1.00	0.35	-	-	-
Police*					
Officers	35.46	35.06	37.17	40.38	44.88
Civilians	10.00	10.28	10.27	10.91	10.81
Fire*					
Firefighters	32.10	34.23	35.04	33.88	32.72
Ambulance	-	-	-	-	10.86
Civilians	1.00	1.00	1.00	1.00	1.00
Public Works					
Engineering	4.43	5.53	4.56	4.77	6.78
Public Infrastructure	-	-	-	-	-
Public Works Admin	1.99	2.58	2.74	3.00	3.70
Secondary Irrigation	2.01	2.02	2.02	3.25	3.36
Sewer	5.06	4.66	3.95	2.75	3.50
Storm Drain	1.86	2.48	2.85	2.75	3.50
Streets	7.07	6.93	6.59	6.17	6.41
Water	5.84	5.10	4.14	4.25	3.36
Development Services					
Building Inspections	4.00	4.58	5.00	6.32	5.95
Planning	2.00	2.00	2.00	2.50	2.08
Community Services					
Administration	-	-	-	-	-
Boat Harbor	1.18	0.98	1.16	0.76	0.81
Buildings and Grounds	3.44	3.22	3.03	3.69	4.12
Cemetery	7.70	7.51	7.49	6.27	5.62
Fitness	43.33	45.22	43.62	43.07	35.92
Library	12.16	12.19	11.87	12.63	12.07
Literacy	0.43	0.85	0.95	1.02	0.94
Parks	12.59	11.88	11.99	10.93	11.98
Recreation	8.87	8.65	8.21	7.34	7.49
Senior Citizens	-	0.23	0.43	0.44	0.48
Broadband	2.00	2.00	2.00	2.00	2.08
Total	<u>216.75</u>	<u>221.43</u>	<u>219.25</u>	<u>221.77</u>	<u>232.43</u>

*Police and Fire includes contract services to City of Cedar Hills

Source: City of American Fork Finance Department

CITY OF AMERICAN FORK**Full-Time Equivalent City Government Employees by Function/Program**

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General Government					
Administration	13.05	10.47	10.38	13.78	15.30
Economic Development	-	-	-	-	-
Police					
Officers	47.62	52.40	54.72	55.62	58.78
Civilians	11.89	11.27	12.73	13.50	12.48
Fire*					
Firefighters	36.94	42.57	43.02	43.76	45.46
Ambulance	8.95	9.79	9.05	9.43	15.50
Civilians	1.00	1.00	1.00	1.00	1.00
Public Works					
Engineering	7.83	8.73	9.77	6.16	6.12
Public Infrastructure	-	-	-	2.88	3.12
Public Works Admin	2.92	2.80	3.25	4.40	3.95
Secondary Irrigation	2.05	2.07	1.84	2.27	2.37
Sewer	3.37	3.03	2.81	3.05	2.56
Storm Drain	2.05	2.03	1.98	3.05	4.63
Streets	6.23	6.18	5.97	6.30	7.25
Water	5.77	5.73	6.13	5.30	5.53
Development Services					
Building Inspections	7.31	8.31	8.74	8.14	8.59
Planning	2.00	1.57	2.88	4.35	4.02
Community Services					
Administration	-	2.46	2.62	1.00	1.00
Boat Harbor	0.86	0.89	0.50	0.42	0.54
Buildings and Grounds	4.05	4.04	4.03	4.05	3.88
Cemetery	5.78	5.88	6.20	5.57	6.50
Fitness	38.78	42.57	43.11	42.39	45.02
Library	12.72	13.15	13.77	15.20	15.81
Literacy	1.15	0.89	1.30	-	-
Parks	10.91	9.75	11.54	13.57	16.43
Recreation	8.74	8.26	7.92	7.63	7.27
Senior Citizens	0.80	0.83	1.05	0.99	1.97
Broadband	2.05	2.05	2.05	2.05	2.12
Total	<u>244.82</u>	<u>258.72</u>	<u>268.36</u>	<u>275.86</u>	<u>297.19</u>

Source: The City of American Fork

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
Last Ten Fiscal Years

(continued)

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Building permits Issued	729	629	839	749	844
Business Licenses Issued	1,436	1,399	1,382	1,599	1,651
Paychecks Issued	11,929	12,051	11,935	12,121	10,379
Vendor Checks Issued	4,170	4,432	5,216	5,320	4,131
Police**					
Calls for Service	(1)	(1)	(1)	(1)	28,709
Adult Arrests	(1)	(1)	(1)	(1)	1,161
Juvenile Referrals	(1)	(1)	(1)	(1)	1
DUIs	(1)	(1)	(1)	(1)	46
Traffic Collisions	(1)	(1)	(1)	(1)	1,384
Traffic Stops	(1)	(1)	(1)	(1)	6,862
Ambulance					
911 Calls	1,196	1,988	1,190	1,564	1,982
EMS Calls For Service	(1)	(1)	(1)	(1)	3,167
Medical Transports from AF Hospital	957	1,437	739	1,033	1,187
Fire					
Alarms	197	130	176	251	313
Public Education Events*	123	207	74	44	97
Public Education Contacts	-	-	13,238.00	6,944	4,950
Hydrant Inspections	1,915	1,576	2,648	1,466	2,861
Business Fire Inspections	974	916	324	805	1,001
Structural Fires	18	36	24	17	35
Vehicle Fires	1	9	-	107	13
Mutual Aid-Given	-	-	-	23.00	137
Mutual Aid-Received	-	-	-	12.00	63
Community Services					
Cemetery Burials	168	183	152	187	164
Number of Cemetery Spaces Sold	-	-	-	125.00	102
Fitness Center Admissions	265,000	275,000	280,000	285,000	220,000
Water					
New Residential Connections					
Residential	132	220	328	308	1,192
Commercial	25	33	68	25	41
Average Culinary Daily Consumption/thousands gallons)	2,258	2,236	5,110	4,823	4,947
Sewer					
Average daily sewer treatment/thousands gallons)	2,586	2,616	2,496	2,497	2,826
Library					
Volumes in Collection	124,771	127,123	144,051	-	-
Total Volumes Borrowed	290,524	312,392	336,532	-	-
Library Visits	-	-	-	195,293	148,444
Physical Volumes	-	-	-	80,255	84,343
Physical Item Circulation	-	-	-	309,068	267,018
Electronic Item Circulation	-	-	-	79,849	102,648

* Prior to fiscal year 2016, PR contacts were included as well as PR events. Fiscal year 2016 forward is only PR events.

** American Fork and Cedar Hills combined. Source: Utah Department of Public Safety www.bci.utah.gov

(1) Data not available

Source: The City of American Fork

CITY OF AMERICAN FORK
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2021	2022	2023	2024	2025
General Government					
Building permits Issued	1,118	1,044	800	824	767
Business Licenses Issued	1,555	1,657	1,707	1,758	1,799
Paychecks Issued	11,391	13,015	13,269	14,400	15,125
Vendor Checks Issued	3,848	4,066	4,111	4,100	4,385
Police**					
Calls for Service	33,694	28,300	29,321	30,719	31,025
Adult Arrests	1,349	1,345	1,405	1,132	1,198
Juvenile Referrals	207	307	313	360	383
DUIs	122	83	77	79	104
Traffic Collisions	1,064	1,245	1,346	1,406	1,402
Traffic Stops	9,282	7,154	7,078	7,216	7,992
Ambulance					
911 Calls	2,113	2,293	2,471	2,545	2,621
EMS Calls For Service	3,602	3,573	3,600	4,900	5,047
Medical Transports from AF Hospital	1,447	1,441	1,500	1,600	1,648
Fire					
Alarms	181	291	359	370	381
Public Education Events*	64	140	101	104	107
Public Education Contacts	7,778	14,970	12,650	13,030	13,420
Hydrant Inspections	2,861	2,073	2,460	2,534	2,610
Business Fire Inspections	360	1,009	912	939	968
Structural Fires	32	36	44	45	47
Vehicle Fires	20	23	25	26	27
Mutual Aid-Given	231	231	194	200	206
Mutual Aid-Received	90	59	78	80	83
Community Services					
Cemetery Burials	218	181	180	180	183
Number of Cemetery Spaces Sold	219	214	215	220	138
Fitness Center Admissions	270,000	295,290	300,000	300,000	324,627
Water					
New Residential Connections					
Residential	1,269	1,890	1,749	1,801	1,013
Commercial	39	57	49	50	40
Average Culinary Daily Consumption/thousands gallons)	4,621	4,377	4,479	2,760	3,186
Sewer					
Average daily sewer treatment (thousands of gallons)	2,398	2,606	3,141	2,725	2,791
Library					
Volumes in Collection	-	-	-	-	-
Total Volumes Borrowed	-	-	-	-	-
Library Visits	118,313	212,403	229,602	247,749	272,748
Physical Volumes	84,213	87,078	93,406	88,027	90,520
Physical Item Circulation	330,140	354,348	363,857	376,707	400,893
Electronic Item Circulation	117,132	130,788	155,296	184,645	206,677

Source: The City of American Fork

CITY OF AMERICAN FORK**Capital Asset Statistics by Function/Program**

Last Ten Fiscal Years

(continued)

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public Works					
Streets (Miles)	116	119	120	125	128
Streetlights	1,134	1,147	1,299	1,361	1,420
Parks and Recreation					
Acreage	183	189	189	222	222
Playgrounds	32	32	32	32	32
Baseball/Softball Diamonds	11	11	11	11	11
Soccer/Football Fields	12	12	12	12	12
Flag Football Fields	8	8	8	8	8
Tackle Football Fields	3	3	3	3	3
Basketball/Tennis Courts	2	2	2	2	2
Pickleball Courts	-	-	6	6	6
Fitness Centers	1	1	1	1	1
Utilities					
Culinary Water Lines (Miles)	162	166	176	179	183
Irrigation Water Lines (Miles)	119	124	127	130	133
Storm Drain (Miles)	67	74	96	99	100
Sanitary Sewers (Miles)	124	124	120	123	125
Fire Hydrants	1,450	1,323	1,473	1,514	1,620
Upper Pond Storage Capacity (Millions of Gallo	5	5	5	5	5
Lower Pond Storage Capacity (Millions of Gallo	10	10	10	10	10

Source: The City of American Fork

CITY OF AMERICAN FORK
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	2	2
Public Works					
Streets (Miles)	129	137	139	143	147
Streetlights	1,443	1,608	1,739	1,791	1,845
Parks and Recreation					
Acreage	222	222	250	250	280
Playgrounds	32	32	34	34	34
Baseball/Softball Diamonds	11	11	10	10	10
Soccer/Football Fields	12	12	12	12	12
Flag Football Fields	8	8	8	8	8
Tackle Football Fields	3	3	3	3	3
Basketball/Tennis Courts	2	2	2	2	2
Pickleball Courts	6	6	10	10	10
Fitness Centers	1	1	1	1	1
Utilities					
Culinary Water Lines (Miles)	190	193	199	205	211
Irrigation Water Lines (Miles)	138	142	145	150	154
Storm Drain (Miles)	107	115	118	121	125
Sanitary Sewers (Miles)	129	132	134	138	142
Fire Hydrants	1,708	1,943	2,009	2,069	2,131
Upper Pond Storage Capacity (Millions of Gallo	5	5	5	5	5
Lower Pond Storage Capacity (Millions of Gallo	10	10	10	10	10

Source: The City of American Fork

APPENDIX B
FORMS OF PRINCIPAL DOCUMENTS

INDENTURE OF TRUST

Dated as of February 1, 2026

**LOCAL BUILDING AUTHORITY OF
AMERICAN FORK CITY, UTAH**

(Trustor and Debtor)

TO

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION, NATIONAL ASSOCIATION,
as Trustee (Trustee and Secured Party)**

Authorizing the Issuance of and Securing \$[Principal Amount] Lease Revenue
Bonds, Series 2026, of the Local Building Authority of American Fork City, Utah.

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(This Table of Contents is not a part of this Indenture of Trust,
but is only for convenience of reference.)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of February 1, 2026 (the or this “*Indenture*”), by and between the Local Building Authority of American Fork City, Utah, a Utah nonprofit corporation (the “*Issuer*”), whose mailing address is located at _____, American Fork, Utah, 84003, acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of American Fork City, Utah, and Zions Bancorporation, National Association, National Association, as Trustee (the “*Trustee*”), a national banking association duly organized, existing and authorized to accept and execute trusts of the character herein set out, whose mailing address and principal corporate trust office are located at _____, Salt Lake City, Utah _____,

WITNESSETH:

WHEREAS, the City Council (the “*City Council*”) of American Fork City, Utah (the “*City*”) has organized the Issuer solely for the purpose of (a) accomplishing the public purposes for which the City exists by acquiring, improving or extending any improvements, facilities or properties (whether real or personal) and appurtenances to them which the City is authorized or permitted by law to acquire, including, but not limited to, public buildings or other structures of every nature or any joint or partial interest in the same, which improvements, facilities, properties and appurtenances need not be situated within the boundaries of the City and (b) financing the costs of such projects on behalf of the City in accordance with the procedures and subject to the limitations of the Local Building Authority Act, Title 17D, Chapter 2 of the Utah Code Annotated 1953, as amended (the “*Act*”);

WHEREAS, the Act provides that the Issuer may issue and sell its bonds for the purpose of paying the costs of acquiring, improving or extending a project (as such term is defined in the Act) or refunding such bonds, and such bonds shall be secured by a pledge and assignment of the revenues received by the Issuer under the leasing contract (as such term is defined in the Act) with respect to the project financed with the proceeds of the sale of such bonds and may be secured by (a) a mortgage or deed of trust (as such term is defined in the Act) covering all or any part of such project, (b) a pledge and assignment of the leasing contract for that project, (c) amounts held in reserve funds or (d) such other security devices with respect to the project as may be deemed most advantageous by the Issuer;

WHEREAS, the City desires to finance the acquisition, construction, equipping and improvement of a public works facility (the “*Financed Property*”) located on a certain tract of land situated in Utah County, Utah, and more particularly described in *Exhibit A* attached hereto (the “*Real Estate*” and, together with the Financed Property, the “*Leased Property*”);

WHEREAS, the City, as owner of marketable fee simple title to the Real Estate, has agreed to lease to the Issuer, and the Issuer has agreed to lease from the City, the Real Estate pursuant to that certain Ground Lease, dated as of February 1, 2026, between the Issuer and the City;

WHEREAS, the Issuer and the City will, simultaneously with the execution and delivery of this Indenture, enter into that certain Master Lease Agreement, dated as of February 1, 2026 (the “*Master Lease*”), pursuant to which the Issuer has agreed to lease the Financed Property to the City on the terms and conditions set forth therein;

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution of the Board of Trustees of the Issuer, the Issuer has determined (a) to issue its \$[Principal Amount] aggregate principal amount of Local Building Authority of American Fork City, Utah, Lease Revenue Bonds, Series 2026 (the “*Series 2026 Bonds*”), to (i) provide funds for the purpose of financing the acquisition, construction, equipping and improvement of the Financed Property and (ii) pay costs of issuance relating to the issuance, sale and delivery of the Series 2026 Bonds and (b) to lease the Leased Property to the City in consideration of certain base rentals and additional rentals to be paid as hereinafter described which will be sufficient (so long as the City Council extends the term of the Master Lease for each successive one-year renewal term) to pay the principal of, and premium, if any, and interest on, the Series 2026 Bonds and certain other costs and expenses as hereinafter described;

WHEREAS, the execution and delivery of this Indenture and the Master Lease and the issuance of the Series 2026 Bonds under the Act have been in all respects duly and validly authorized by resolution duly passed and approved by the Board of Trustees of the Issuer;

WHEREAS, pursuant to and in accordance with the provisions of the Act, by resolution duly adopted by the City Council, the City has heretofore approved the execution and delivery of this Indenture and the Master Lease and the issuance of the Series 2026 Bonds and the terms thereof;

WHEREAS, the proceeds of sale of the Bonds are to be held hereunder and applied by the Trustee in accordance with the terms hereof, including, to the extent provided herein, for the financing of the acquisition, construction, equipping and improvement of the Financed Property in accordance with the terms hereof and of the Master Lease;

WHEREAS, the Series 2026 Bonds and the Trustee’s certificate of authentication to be endorsed thereon are to be in substantially the following form, and any Additional Bonds and the Trustee’s certificate of authentication thereon are also to be in substantially the following form (except as to redemption, sinking fund and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to wit:

[FORM OF SERIES 2026 BOND]

REGISTERED

REGISTERED

NUMBER R-

\$ _____

**UNITED STATES OF AMERICA
STATE OF UTAH**

**LOCAL BUILDING AUTHORITY OF
AMERICAN FORK CITY, UTAH
LEASE REVENUE BOND, SERIES 2026**

INTEREST
RATE

MATURITY
DATE

DATED
DATE

_____% _____ _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: -----DOLLARS-----)

KNOW ALL MEN BY THESE PRESENTS that the Local Building Authority of American Fork City, Utah, a Utah nonprofit corporation (the “*Issuer*”), acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of American Fork City, Utah (the “*Lessee*”), for value received, hereby promises to pay, but only from the Trust Estate as provided in the Indenture of Trust, dated as of February 1, 2026 (the “*Indenture*”), between the Issuer and Zions Bancorporation, National Association, National Association, to the Registered Owner identified hereon, or registered assigns, on the maturity date specified hereon the principal amount specified hereon (the “*Principal Amount*”), and in like manner to pay to the Registered Owner hereof interest on the balance of the Principal Amount from time to time remaining unpaid from and including the dated date specified above (the “*Dated Date*”), at the rate specified hereon (calculated on the basis of a year of 360 days consisting of twelve 30-day months) on _____ and _____ of each year, commencing _____, 2026, until payment in full of the Principal Amount, except as the provisions set forth in the Indenture with respect to redemption prior to maturity may become applicable hereto, and to pay interest at the Default Rate on overdue principal and/or in the event of an Event of Default at the Default Rate (each as defined in the Indenture) from the date the principal or interest becomes due until the sum is paid. The principal of and premium, if any, on this Bond shall be payable upon presentation and surrender hereof at the principal corporate trust office of the Trustee in Salt Lake City, Utah, or the principal corporate trust office of its successor, or alternatively, the person in whose name this Bond is registered (the “*Registered Owner*”) in the registration books of the Issuer maintained by the Trustee (the “*Register*”) shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as *Exhibit B* to the Indenture, that the Series 2026 Bond has been lost, stolen, mutilated or destroyed, at the principal corporate trust office of the Trustee in Salt Lake City, Utah, or the principal corporate trust office of its successor, and interest on this Bond shall be paid to the Registered Owner as of the close of business on the 15th day prior to each Bond Interest Payment Date (the “*Regular Record Date*”) and shall be paid by wire or by check or draft drawn on the Trustee or its successor and mailed via certified mail to the Registered Owner hereof at the address on the Register or at such other address as is furnished to the Trustee in writing by the Registered Owner hereof prior to the Regular Record Date. Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof as of the

close of business on the Regular Record Date and shall accrue at the Default Rate and shall be payable to the person who is the Registered Owner hereof as of the close of business on a Special Record Date for the payment of any such interest at the Default Rate. Such Special Record Date shall be fixed by the Registered Owner. The principal of, and premium, if any, and interest (including interest at the Default Rate) on, the Bonds shall be paid in lawful money of the United States of America.

This Bond is one of a series of Bonds (the “*Series 2026 Bonds*”), limited in aggregate principal amount to \$[Principal Amount], issued or to be issued under and by virtue of the Local Building Authority Act, Chapter 2 of Title 17D, Utah Code Annotated 1953, as amended (the “*Utah Code*”), and the Utah Local Government Bonding Act, Chapter 14 of Title 11, Utah Code (collectively, the “*Act*”), and under and pursuant to, and equally and ratably with the other Bonds of such series secured by the Indenture for the purpose of providing funds (i) to finance acquisition, construction, equipping and improvement of the Financed Property (as defined in the Indenture) and (ii) paying costs of issuance relating to the issuance, sale and delivery of the Series 2026 Bonds.

As provided in the Indenture, the Issuer may hereafter issue Additional Bonds from time to time under certain terms and conditions contained therein, and, if issued, such Additional Bonds will rank *pari passu* with the Series 2026 Bonds. The Series 2026 Bonds and any Additional Bonds are herein referred to collectively as the “*Bonds*.”

Pursuant to the Indenture, the Issuer has mortgaged, assigned and pledged to the Trustee for the benefit of the owners of the Bonds all of its right, title and interest in and to the Leased Property (as defined in the hereinafter defined Master Lease), the Master Lease and the Ground Lease, dated as of February 1, 2026 (the “*Ground Lease*”). Copies of the Indenture are on file at the principal corporate trust office of the Trustee in Salt Lake City, Utah, and reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds, a description of the pledges and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledges, the rights with respect thereto, a description of the property mortgaged, the issuance of Additional Bonds, and the other terms and conditions upon which the Series 2026 Bonds are or may be issued and secured, to all of the provisions of which the owner hereof, by the acceptance of this Bond, does hereby assent and agree.

Under that certain Master Lease Agreement, dated as of February 1, 2026 (the “*Master Lease*”), the Leased Property has been leased by the Issuer to the Lessee, and the Lessee has agreed to pay directly to the Trustee (as assignee of the Issuer) the base rental payments (the “*Base Rentals*”) in consideration of the Lessee’s right to use, occupy and operate the Leased Property. In addition to the Base Rentals, the Lessee has agreed to make certain other payments (the “*Additional Rentals*”) sufficient to pay the fees and expenses of the Trustee, certain insurance premiums, taxes, utility charges, costs of maintenance and repair and other expenses expressly required to be paid by the Lessee under the Master Lease.

The term of the Master Lease is subject to annual renewal with respect to the rights and obligations of the Lessee. The obligation of the Lessee to pay the Base Rentals and the Additional

Rentals (collectively, the “*Rentals*”) under the Master Lease will terminate in the event that the governing body of the Lessee fails or refuses to appropriate, specifically with respect to such Lease, moneys sufficient to pay all the Base Rentals and reasonably estimated Additional Rentals for the next succeeding renewal term of such Lease or in the event of the unavailability of such moneys for such purpose for any other reason. In the event that the term of the Master Lease is terminated as to the Lessee’s possessory rights in the Leased Property as a result of the occurrence of any event described in the foregoing sentence (herein referred to as an “*Event of Nonappropriation*”) or is terminated by reason of the occurrence of an Event of Default (as defined in the Master Lease), the principal of and interest on the Bonds will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from foreclosure on and liquidation, reletting or sale of the Leased Property as provided in the Indenture. Under certain circumstances, the principal of and interest on the Bonds may also be payable from the net proceeds of title or casualty insurance policies, performance bonds of contractors or condemnation awards, or the net proceeds received as a consequence of defaults or breaches of warranty under construction contracts with respect to the Leased Property.

The Bonds are issuable solely as fully-registered Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof (“*Authorized Denominations*”). The Series 2026 Bonds shall be numbered with the letter prefix “R-” and from one (1) consecutively upwards in order of issuance.

This Bond is transferable, as provided in the Indenture, only upon the Register, by the Registered Owner hereof in person or by such owner’s attorney duly authorized in writing upon surrender of this Bond to the Trustee together with a duly executed written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or such duly authorized attorney, or alternatively, the Registered Owner shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as Exhibit B to the Indenture, that the Series 2026 Bond has been lost, stolen, mutilated or destroyed. Upon such transfer, a new Bond or Bonds of the same aggregate principal amount and Series, designation, maturity and interest rate as the Bond to be transferred will be issued to the transferee, all subject to the terms and conditions set forth in the Indenture. The Issuer, the Trustee and any paying agent and registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond is overdue, for the purpose of receiving payment of or on account of principal or redemption price hereof and interest due hereon and for all other purposes, and neither the Issuer, the Trustee nor any paying agent and registrar shall be affected by any notice to the contrary.

The Series 2026 Bonds are subject to redemption at the option of the Issuer (upon receipt of a direction of the City to the Issuer pursuant to the Master Lease) on any date prior to maturity, in whole or in part, in chronological order of maturity, at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the redemption date.

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, the Trustee shall, upon being satisfactorily indemnified as to expenses, cause notice of the call for redemption identifying the Bonds or portions thereof to be redeemed to be mailed by registered or

certified mail at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the registration books. All Bonds so called for redemption shall cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time. Any notice mailed by certified mail shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice.

The Trustee or the Initial Purchaser (if the Initial Purchaser is the Owner of any Series 2026 Bonds) has the right to declare an Event of Nonappropriation or an Event of Default and any event of the Issuer's non-compliance with any term, condition and covenant of the Indenture or the Master Lease. The Trustee may not waive an Event of Nonappropriation or an Event of Default without the prior written approval of the Registered Owners. Upon an Event of Default, the Series 2026 Bonds are subject to interest at the Default Rate, as defined in the Indenture, until such Event of Default is cured to the satisfaction of the Trustee and the Initial Purchaser (if the Initial Purchaser is the Owner of any Series 2026 Bonds).

EXCEPT FOR THE SECURITY PROVIDED BY THE INDENTURE, THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL BE PAYABLE SOLELY OUT OF BASE RENTALS RECEIVED BY THE TRUSTEE (AS ASSIGNEE OF THE ISSUER) UNDER THE MASTER LEASE. NOTHING HEREIN SHALL BE CONSTRUED AS REQUIRING THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH TO PAY THIS BOND OR THE PREMIUM (IF ANY) OR INTEREST HEREON OR TO APPROPRIATE ANY MONEY TO PAY THE SAME. PURSUANT TO SECTION 17D-2-905 OF THE ACT, THE ISSUER HAS SECURED THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON BY THE INDENTURE, PURSUANT TO WHICH THE MONEYS IN CERTAIN FUNDS AND ACCOUNTS CREATED THEREBY ARE PLEDGED TO THE PAYMENT OF THIS BOND AND THE PREMIUM, IF ANY, AND INTEREST HEREON, TOGETHER WITH ALL OTHER SECURITY PROVIDED IN ACCORDANCE WITH THE INDENTURE INCLUDING A MORTGAGE LIEN ON THE LEASED PROPERTY AND ON THE LEASEHOLD ESTATES CREATED UNDER THE MASTER LEASE AND ASSIGNMENT OF THE GROUND LEASES AND THE MASTER LEASE. NEITHER THIS BOND NOR THE INTEREST HEREON SHALL CONSTITUTE OR GIVE RISE TO A GENERAL OBLIGATION OR LIABILITY OF, OR A CHARGE AGAINST, THE GENERAL CREDIT OR TAXING POWER OF THE LESSEE, THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION OF THE STATE OF UTAH. THE ISSUER HAS NO TAXING POWER.

THE OBLIGATION OF THE LESSEE TO PAY BASE RENTALS AND OTHER AMOUNTS UNDER THE MASTER LEASE IS ANNUALLY RENEWABLE AS PROVIDED THEREIN. THE OBLIGATION OF THE LESSEE TO MAKE SUCH PAYMENTS WILL NOT CONSTITUTE A DEBT OF THE LESSEE, THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE ISSUANCE OF THE BONDS NOR THE EXECUTION AND DELIVERY OF THE MASTER LEASE DIRECTLY OR CONTINGENTLY OBLIGATES THE LESSEE TO APPROPRIATE ANY MONEY TO PAY RENTALS UNDER THE MASTER LEASE OR TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE LESSEE'S THEN CURRENT FISCAL YEAR OR OBLIGATE THE STATE OF UTAH OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE LESSEE TO THE EXTENT PROVIDED IN THE MASTER LEASE) TO PAY ANY RENTALS DUE TO THE ISSUER UNDER THE TERMS OF THE MASTER LEASE. NO PERSON EXECUTING THE BONDS OR THE MASTER LEASE SHALL BE SUBJECT TO PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS OR THE EXECUTION OF THE MASTER LEASE.

The owner of this Bond shall have the right to enforce the provisions of the Indenture, to institute action to enforce the covenants therein, to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto. In certain events, on conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before their stated maturity dates, together with interest accrued thereon; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Master Lease to pay Rentals only during the term of the Master Lease and in the amounts and at the times as provided in the Master Lease. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only by written approval of the Initial Purchaser (if the Initial Purchaser owns any of the Series 2026 Bonds).

Any consent or request by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and on any Bond issued upon the transfer or exchange of this Bond provided notation of such consent or request is made upon this Bond.

This Bond is issued with the intent that the laws of the State of Utah shall govern its legality, validity, enforceability and construction.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Constitution or statutes of the State of Utah and by the Act and the Indenture to exist, to have happened or to have been performed precedent to or in connection with the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the issue of the Series 2026 Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said Constitution and statutes.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

Unless defined herein, all capitalized terms used in the Bond shall have the meanings assigned to such terms in the Indenture.

IN WITNESS WHEREOF, the Local Building Authority of American Fork City, Utah has caused this Bond to be signed in its name and on its behalf by its President and attested by its Secretary, all as of the Dated Date.

LOCAL BUILDING AUTHORITY OF AMERICAN
FORK CITY, UTAH

By _____
President

ATTEST:

Secretary

[FORM OF TRUSTEE’S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds of the issue described in the within-mentioned Indenture and is one of the Lease Revenue Bonds, Series 2026, of the Local Building Authority of American Fork City, Utah.

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

Date of registration and authentication: _____, 2026.

Bond Registrar and Paying Agent:

Zions Bancorporation, National Association,
National Association

Salt Lake City, Utah _____

[FORM OF ASSIGNMENT]

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM	—	as tenants in common	UNIF TRAN MIN ACT—
TEN ENT	—	as tenants by the entirety	_____ Custodian _____
JT TEN	—	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor) under Uniform Transfers to Minors Act of _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

Insert Social Security or Other
Identifying Number of Assignee

(Please Print or Typewrite Name and Address of Assignee)

the within Bond of the LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH, and hereby irrevocably constitutes and appoints _____
attorney to register the transfer of the Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

SIGNATURE: _____

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid and binding trust instrument have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

GRANTING CLAUSES

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the owners thereof, the sum of Ten Dollars lawful money of the United States of America to it duly paid by the Trustee at or before the execution and delivery of these presents, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, and premium, if any, and interest on, the Bonds outstanding hereunder from time to time, according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, transfer, convey, assign, pledge and hypothecate unto the Trustee, its successors in trust and assigns, forever, and grants to the Trustee, its successors in trust and assigns, forever, a security interest in, all of the following described properties, rights, interests and privileges (hereinafter sometimes collectively referred to as the "*Trust Estate*"):

GRANTING CLAUSE FIRST

The right, title and interest of the Issuer in and to the real estate situated in Utah County, State of Utah, as more particularly described in *Exhibit A* attached hereto, TOGETHER WITH (a) the entire interest of the Issuer in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such real estate, including all right, title and interest of the Issuer, if any, in and to all building material, building equipment and fixtures of every kind and nature whatsoever on any of said real estate or in any building, structure or improvement now or hereafter standing on said real estate, which are classified as fixtures under applicable law and which are used in connection with the operation, maintenance or protection of said buildings, structures and improvements as such, whether or not the same are used in connection with the operation of any business conducted upon any of said real estate, and the reversion or reversions, remainder or remainders, in and to any of said real estate, and together with the entire interest of the Issuer in and to all and singular the tenements, hereditaments, easements, parking, ingress, egress and other access, rights-of-way, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, including without limitation the entire right, title and interest of the Issuer in, to and under any streets, ways, alleys, gores or strips of land adjoining said real estate, and all claims or demands whatsoever of the Issuer either in law or in equity, in possession or expectancy of, in and to said real estate, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Issuer and is affixed or

attached or annexed to said real estate, shall be and remain or become and constitute a portion of said real estate and the security covered by and subject to the lien of this Indenture, and together with all rents, income, revenues, issues and profits thereof, and the present and continuing right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, issues and profits arising therefrom or in connection therewith; (b) all appurtenances, easements, water and water rights belonging to or used upon or in connection with said real estate (however represented), pumps, pumping plants, pipes, flumes and ditches, rights-of-way and other rights used in connection therewith or as a means of access thereto, whether now or hereafter owned or Acquired, constructed or placed thereupon; (c) all the equipment acquired by the Issuer with the proceeds of the Bonds and constituting a part of the Financed Property and any other interest in personal property hereafter acquired by the Issuer for use in connection with the Financed Property, together with all additions thereto and replacements, renewals and substitutions therefore; (d) all the estate, interest, right, title, property or other claim or demand of every nature whatsoever in and to the Trust Estate, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Issuer with respect to the Trust Estate and claims or demands relating to insurance or condemnation awards which the Issuer now has or may hereafter acquire, including all advance payments of insurance premiums made by the Issuer with respect thereto; and (e) all right, title and interest of the Issuer in and to all ground leases, leases, subleases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whereby any person, corporation or business or governmental entity has agreed to pay money or any consideration for the use, possession or occupancy of the premises hereby conveyed or subject to the lien hereof, or any part or portion thereof or space therein, and all rents, income, profits, benefits, advantages and claims against guarantors under any of the foregoing, for the benefit of the Registered Owners.

GRANTING CLAUSE SECOND

All right, title, interest, estate, claims and demands of the Issuer in and to the Revenues and as lessor in, to and under the Master Lease, including any and all extensions or renewals of the term thereof, together with all rights, powers, privileges, options and other benefits of the Issuer as lessor under the Master Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all Base Rentals, for the benefit of the Registered Owners, Additional Rentals (if any) payable pursuant to Section 4.01(b)(ix) of the Master Lease, amounts to be paid into the Bond Fund pursuant to Section 11.01 of the Master Lease from rentals or other payments by permitted sublessees, assignees and transferees, insurance proceeds (including any moneys derived from any self-insurance program), condemnation awards, performance bonds, proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property, and other payments, tenders and security now or hereafter payable or receivable by the Issuer under the Master Lease pursuant thereto; and

(b) the right to take such action upon the occurrence of an Event of Default or an Event of Nonappropriation with respect to the Master Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default or an Event of Nonappropriation with respect to the Master Lease, including the commencement,

conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Master Lease or by law, and to do any and all other things whatsoever which the Issuer or any lessor is or may be entitled to do under the Master Lease;

it being the intent and purpose hereof that the assignment and transfer to the Trustee of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Trustee shall have the right to collect and receive all Revenues, Base Rentals, and any other sums payable under the Master Lease (except Additional Rentals, other than Additional Rentals payable pursuant to Section 4.01(b)(ix) of the Master Lease) and other moneys receivable with respect to the leasing, use, occupancy and operation of the Leased Property, all for application in accordance with the provisions hereof at all times during the period from and after the date of this Indenture, for the benefit of the Registered Owners, until the Interests Hereby Secured have been fully paid and discharged; *provided, however*, that the assignment made by this Clause shall not impair or diminish any obligation of the Issuer under the provisions of the Master Lease.

GRANTING CLAUSE THIRD

The Funds (as hereinafter defined), including moneys and obligations therein, held by the Trustee for the benefit of the Registered Owners, pursuant to the terms of this Indenture.

GRANTING CLAUSE FOURTH

Any and all other moneys and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same for the benefit of the Registered Owners subject to the terms hereof.

To the extent that the Trust Estate is not composed of real property, this Indenture constitutes or shall be treated as constituting a security agreement, so that the Trustee shall have and may enforce a security interest to secure payments of all sums due or to become due under this Indenture in any or all of the aforesaid fixtures, accessions, machinery, equipment, tangible personal property, accounts, contract rights and general intangibles and other articles of property, real, personal and mixed, now owned or hereafter acquired, in addition to, but not in limitation of the lien upon the same as part of the realty imposed by the foregoing provisions hereof, such security interest to attach at the earliest moment permitted by law.

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

SUBJECT, HOWEVER, to Permitted Encumbrances (as defined in Article I hereof);

EXCEPTED PROPERTY

There is, however, expressly excepted and excluded from the lien and operation of this Indenture the following described property of the Issuer, now owned or hereafter acquired (herein sometimes referred to as “*Excepted Property*”):

A. Property installed by the Lessee or by any sublessee or licensee of the Lessee as provided in Section 9.03 of the Master Lease; and

B. The Rebate Fund and any moneys or investments therein.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Series 2026 Bonds and Additional Bonds, if any, from time to time, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Series 2026 Bonds over any of the others of the Bonds, except as expressly provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Series 2026 Bonds and the interest and premium, if any, due or to become due thereon at the times and in the manner mentioned in the Series 2026 Bonds from Base Rentals received under the Master Lease and otherwise from the Trust Estate hereunder, and shall cause the payments to be made into the Bond Fund as required under Article IV hereof from Base Rentals received under the Master Lease and otherwise from the Trust Estate hereunder, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments and subject to the next succeeding paragraph, this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights and interests, including, without limitation, the Base Rentals, revenues and receipts, hereby assigned or pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and the respective owners, from time to time, of the Series 2026 Bonds as follows:

ARTICLE I

DEFINITIONS

All words and phrases defined in Article I of the Master Lease shall have the same meaning when used in this Indenture. In addition, the following words and phrases shall have the following meanings for all purposes of this Indenture:

“Acquisition Fund” shall mean the fund created by Section 407 hereof.

“Act” shall mean the Local Building Authority Act, being Chapter 2 of Title 17D, the Utah Local Government Bonding Act, Chapter 14 of Title 11 and, in the case of refunding, the Utah Refunding Bond Act, Chapter 27 of Title 11, Utah Code Annotated 1953, as amended.

“Additional Bonds” shall mean additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of Section 213 hereof.

“Agency Agreement” shall mean that certain Construction Agency Agreement, dated as of February 1, 2026, between the Issuer and the Lessee, as the Issuer’s agent for purposes of causing the Acquisition of the Project.

“Authorized Denominations” shall mean \$5,000 or any integral multiple thereof.

“Base Rental Payment Dates” shall have the meaning ascribed to it in the Master Lease.

“Base Rentals” shall have the meaning ascribed to it in the Master Lease.

“Bond” or *“Bonds”* shall mean one or more of the Series 2026 Bonds of the Issuer to be issued hereunder and, unless the context otherwise indicates, any Additional Bonds authenticated and delivered from time to time hereunder.

“Bond Counsel” shall mean Farnsworth Johnson PLLC or an attorney or a firm of attorneys (which is mutually acceptable to the Lessee, the Initial Purchaser (so long as the Initial Purchaser is the owner of any Bonds) and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Bond Fund” shall mean the fund created by Section 402 hereof.

“Bond Interest Payment Dates” shall mean _____ and _____ of each year so long as any of the Bonds are outstanding, commencing _____, 2026.

“Bondowner”, “owner of Bonds”, “Owner(s)” or *“Registered Owner”*, or any similar term, shall mean the Person in whose name a Bond is registered in the Register.

“*Bond Payment Date*” shall mean a Bond Interest Payment Date and/or a Bond Principal Payment Date.

“*Bond Principal Payment Dates*” shall mean _____ of each year so long as any Bonds are outstanding, commencing _____, 2024.

“*Business Day*” shall mean any day except a Saturday, Sunday or other day on which banks in the City of New York, New York or Salt Lake City, Utah are authorized to close.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

“*Completion Certificate*” shall mean the certificate (including attachments thereto) delivered by or at the direction of an Authorized Lessee Representative pursuant to Section 5.07(b) of the Master Lease and Section 409 hereof evidencing completion of the Project.

“*Costs of Acquisition*” with respect to the Project shall mean those items authorized by Section 17D-2-102(10) of the Act which the Lessee, in its own capacity, or in its capacity as agent to the Issuer pursuant to the Agency Agreement, or the Issuer has paid or shall be required to pay under the terms of any contract or contracts for the Project and the financing thereof and all expenses preliminary and incidental thereto incurred by the Issuer or the Lessee (as such agent) in connection therewith and with the issuance of the Bonds, including but not limited to the following:

- (a) obligations of the Lessee or the Issuer incurred for labor, materials and equipment in connection with the Project;

- (b) the cost of 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 the Project;

- (c) all costs of planning and designing the Facilities, including architectural, planning, engineering, legal and fiscal advisors’ fees and the costs incurred by the Lessee or the Issuer 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 the Project, including costs of preparing and securing all Project Documents and site preparation;

- (d) all Costs of Issuance;

- (e) payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a Project Contract;

- (f) the cost of equipment and furnishings for the Facilities and all other costs authorized by the Act which are considered to be a part of the costs of the Facilities in

accordance with generally accepted accounting principles and which will preserve the tax-exempt status of the Series 2026 Bonds;

(g) any sums required to reimburse the Issuer or the Lessee 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 the Project, including sums required to reimburse the Issuer or the Lessee for advances for costs incurred pursuant to clause (i) hereafter;

(h) such amounts as the governing body of the Issuer shall find to be necessary to provide necessary working capital in connection with the Project, which amounts under this clause (h) shall not exceed \$250,000 in the aggregate; and

(i) all other amounts which shall be required to be paid under the terms of any Project Contract, including but not limited to such amounts as are payable by the Lessee to the Issuer in accordance with the Ground Lease, so long as such amounts are authorized under the Act.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to the Issuer or the Lessee relating to the financing of the Financed Property hereunder, including, but not limited to, all costs paid or incurred by the Lessee or the Issuer at any time prior to or after delivery of the Bonds with respect to the issuance, sale and delivery of the Bonds, including, but not limited to, initial or acceptance fees and expenses of the Trustee, the Paying Agent and the Registrar, costs of legal and other professional services, including but not limited to financial advisor fees and expenses, costs of underwriting the Bonds (including underwriting fees or bond discount), costs of preparing the Operative Agreements and any supplements to any thereof and any other documents in connection with the authorization, issuance and sale of the Bonds, rating agency fees and expenses, municipal bond insurance premiums, recording and filing fees, costs of title insurance, printing and engraving and other fees and costs in connection therewith.

“Costs of Issuance Fund” shall mean the fund created by Section 413 hereof.

“Deed of Trust” means that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of the date hereof, among the Issuer, the Trustee, as trustee under the Deed of Trust, and the Trustee, as beneficiary under the Deed of Trust.

“Default Rate” shall mean the lesser of eighteen percent (18%) per annum or the maximum rate permitted by law.

“Event of Default” is defined in Section 901 hereof.

“Financed Property” shall mean the public works buildings and related facilities of the City located in American Fork, Utah.

"Fiscal Year" shall mean the twelve-month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

"Funds" shall mean all of the funds and accounts created hereunder and held by the Trustee, including but not limited to the Costs of Issuance Fund, the Bond Fund, the Redemption Fund and the Insurance Fund.

"Ground Lease" shall mean that certain Ground Lease, dated as of the date hereof, between the Issuer and the Lessee, pursuant to which the Lessee agrees to lease to the Issuer, and the Issuer agrees to lease from the Lessee, the Real Estate.

"Indenture" shall mean this Indenture of Trust, and any amendments and supplements hereto as herein provided.

"Initial Purchaser" shall mean _____.

"Insurance Fund" shall mean the fund created by Section 410 hereof.

"Interests Hereby Secured" shall mean the principal of and interest and premium, if any, on the Bonds and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Issuer under the terms of the Bonds or this Indenture or by the Lessee pursuant to the terms of the Master Lease.

"Issuer" shall mean the Local Building Authority of American Fork City, Utah, a Utah nonprofit corporation, and any body that succeeds to its powers, duties or functions.

"Leased Property" shall mean, collectively, the Financed Property and the Real Estate, leased and to be leased to the Lessee pursuant to the Master Lease.

"Lessee" shall have the meaning ascribed to it in the Master Lease.

"Lien" shall mean any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on common law, statute or contract, and including but not limited to the security interest or lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or the Master Lease, consignment or bailment for security purposes.

"Master Lease" shall mean that certain Master Lease Agreement, dated as of the date hereof, between the Lessee and the Issuer with respect to the Lessee's leasing of the Leased Property described therein from the Issuer, including the *Exhibits* and *Schedules* attached thereto and incorporated therein, and any amendments and supplements thereto as therein and herein provided.

"Net Proceeds" when used with respect to any performance or payment bond proceeds, or proceeds (including, but not limited to, any moneys derived from any self-insurance program)

from policies of insurance required by the Master Lease, or any condemnation award, or any proceeds resulting from default under a project contract (including but not limited to any such proceeds realized as liquidated damages) with respect to the Leased Property, or proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property, shall mean the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"Notice" or *"notice"* shall mean a written notice meeting the requirements of this Indenture mailed by first-class certified mail, postage prepaid, or sent by facsimile or other electronic means, to the owners of specified Bonds, at the addresses shown in the Register.

"Officer's Certificate" when used with respect to the Lessee shall mean a certificate signed by an Authorized Lessee Representative or, when used with respect to the Issuer or the Lessor, an Authorized Lessor Representative, and delivered to the Trustee.

"Operative Agreements" shall mean, collectively, the Master Lease, the Ground Lease, the Deed of Trust, the Tax Certificate and this Indenture.

"Outstanding" when used with respect to Bonds shall mean all Bonds which have theretofore been duly authenticated and delivered by the Trustee under this Indenture, except:

- (a) Bonds theretofore cancelled and delivered to the Registrar or delivered to the Registrar for cancellation;

- (b) Bonds for the payment or redemption of which cash funds or Government Obligations (as defined in Article VII hereof) or, with respect to the Bonds, Government Obligations (as defined in Article VII hereof) in the necessary amount shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) in trust for the owners of such Bonds; *provided* that if such Bonds are to be redeemed prior to the stated maturity date thereof, notice of such redemption shall have been duly given pursuant to the provisions of this Indenture or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture;

provided, however, that in determining whether the owners of a requisite aggregate principal amount of Bonds outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof or of the Master Lease, Bonds which are owned by or on behalf of the Issuer or the Lessee shall be disregarded for the purpose of any such determination, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction

of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer or the Lessee.

"Paying Agent" shall mean the agent appointed by the Trustee, at the direction of the Issuer, as agent of the Trustee to serve as the paying agent or place of payment for the principal of and interest and premium, if any, on the Bonds, and any successor designated pursuant to this Indenture, or in the event that at any time no such agent shall be appointed, the Trustee.

"Permitted Encumbrances" shall have the meaning assigned to such term in the Master Lease.

"Person" shall mean one or more individuals, estates, joint ventures, joint-stock companies, partnerships, associations, corporations, trusts or unincorporated organizations, and one or more governments or agencies or political subdivisions thereof.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Real Estate" shall mean those certain tracts of land situated in Utah County, Utah and more particularly described in *Exhibit A* attached hereto.

"Rebate Fund" shall mean the fund, if any, created pursuant to Section 412 hereof.

"Redemption Fund" shall mean the fund created by Section 603 hereof.

"Register" is defined in Section 205 hereof.

"Registrar" shall mean the agent appointed by the Trustee, at the direction of the Issuer, as agent of the Trustee to keep the books for the registration of the Bonds and for the registration of transfer and exchange of the Bonds, and any successor appointed by the Trustee, at the direction of the Issuer, or in the event that at any time no such agent shall be appointed, the Trustee.

"Regular Record Date" shall mean, with respect to any Bond Interest Payment Date, the close of business on the 15th day before each Bond Interest Payment Date.

"Revenues" shall mean (a) all Net Proceeds, if any, of casualty insurance (including any moneys derived from any self-insurance program), title insurance, performance bonds, condemnation awards and awards resulting from defaults under project contracts (including amounts realized as liquidated damages) not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; (b) all Net Proceeds, if any, derived from any sale of the Leased Property pursuant to a foreclosure pursuant to the Indenture and reletting or sale of the Leased Property thereafter pursuant to the Indenture or any other proceeds realized upon the exercise of any other remedies hereunder; (c) the Base Rentals; (d) any portion of the proceeds of sale of the Bonds deposited into the Bond Fund to pay accrued interest on the Bonds; (e) any earnings on moneys on deposit in the Bond Fund to the extent such earnings are available as provided herein for application for the purposes for which such Funds have been established hereunder; (f) all other revenues derived from the Master Lease, except Additional Rentals (other

than those Additional Rentals (if any) payable pursuant to Section 4.01(b)(ix) of the Master Lease); and (g) any other moneys to which the Trustee may be entitled for the benefit of the Bondowners, including but not limited to any amounts to be paid into the Bond Fund pursuant to Section 11.01 of the Master Lease from rentals or other payments by permitted sublessees, assignees and transferees.

“*Series*” shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor pursuant to Section 208 hereof.

“*Series 2026 Bonds*” shall mean the Issuer’s Lease Revenue Bonds, Series 2026 issued hereunder.

“*Special Record Date*” shall mean a special date fixed to determine the names and addresses of owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as provided in Section 203(a) hereof.

“*Tax Certificate*” shall mean any agreement or certificate of the Issuer and the Lessee that the Issuer and the Lessee may execute in order to establish and assure the excludability from gross income for federal income tax purposes of interest on the Bonds.

“*Trust Estate*” shall have the meaning stated in the habendum to the Granting Clauses and within the Granting Clauses of the Indenture and shall include the properties, rights, interests and privileges described in the Granting Clauses this Indenture.

“*Trustee*” shall mean Zions Bancorporation, National Association, National Association, and its successors and any corporation 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 hereunder.

ARTICLE II

THE BONDS

Section 201. Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Series 2026 Bonds that may be issued hereunder is hereby expressly limited to \$[Principal Amount].

Section 202. Issuance of the Series 2026 Bonds. (a) In order to provide funds to finance the acquisition, construction, equipping and improvement of the Financed Project, there is hereby authorized to be issued a Series of Bonds in the aggregate principal amount of \$[Principal Amount], which Series of Bonds is hereby designated as “*Local Building Authority of American Fork City, Utah, Lease Revenue Bonds, Series 2026.*” The Series 2026 Bonds shall be dated as of the date of original issuance and shall bear interest from and including such dated date. The Trustee shall insert the date of registration and authentication of each Series 2026 Bond in the

place provided for such purpose in the certificate of authentication on each Series 2026 Bond. Interest on the Series 2026 Bonds shall be payable on the Bond Interest Payment Dates, commencing on _____, 2026, and shall be calculated on the basis of a year of 360 days consisting of twelve 30-day months.

The Series 2026 Bonds shall mature on the Bond Principal Dates and in the principal amounts, and shall bear interest at the rates per annum, as set forth in the following table:

YEAR (FEBRUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE
	\$	%

The Series 2026 Bonds shall bear interest at the Default Rate (i) on overdue principal or interest and (ii) in the event of an Event of Default, from the date on which such principal or interest was due until the same is paid or from the date of the Event of Default until the same is cured, as the case may be.

(b) The Bonds shall be signed on behalf of the Issuer by the official manual or facsimile signature of its President and attested by the official manual or facsimile signature of its Secretary. Any facsimile signature shall have the same force and effect as if said President or Secretary, as the case may be, had manually signed each of said Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed or attested any of the Bonds shall cease to be such officer before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though such person who signed or attested the same had continued

to be such officer of the Issuer. Also, any Bond may be signed or attested on behalf of the Issuer by any person who on the actual date of the execution of such Bond shall be the proper officer of the Issuer, although on the nominal date of such Bond any such person shall not have been such officer of the Issuer.

(c) The Bonds shall be issuable only as fully registered Bonds without coupons in Authorized Denominations. The Bonds shall be lettered “R” and shall be numbered consecutively from 1 upward.

Section 203. Place of Payment. (a) The principal of, premium, if any, and interest on the Series 2026 Bonds shall be paid to the Registered Owner thereof as of the close of business on the Regular Record Date for such Bond Interest Payment Date and shall be paid by wire or by check or draft drawn on the Trustee, as Paying Agent, and mailed via certified mail to the Registered Owner thereof at the address on the Register or at such other address as is furnished to the Trustee in writing by the Registered Owner thereof prior to the Regular Record Date, notwithstanding the cancellation of any such Series 2026 Bond upon any exchange or transfer thereof subsequent to the Regular Record Date and prior to such Bond Interest Payment Date, but any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof as of the close of business on the Regular Record Date and shall accrue interest at the Default Rate and shall be payable to the Registered Owner thereof as of the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Series 2026 Bonds not less than ten days prior thereto to each such owner as shown on the Register, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest.

(b) The principal of, and premium, if any, and interest (including interest at the Default Rate) on, the Series 2026 Bonds shall be paid in lawful money of the United States of America.

Section 204. Limited Obligation; Covenants to Charge Rentals and Budget and Appropriate for Base Rentals and Additional Rentals. (a) The Issuer has leased the Leased Property to the Lessee pursuant to the Master Lease, and the Lessee is required pursuant thereto to pay Base Rentals while it uses, operates and occupies the Leased Property in an amount equal to the principal of, and premium, if any, and interest on, the Bonds as they become due and Additional Rentals in connection with the Leased Property and the operation thereof. The Issuer covenants to charge Base Rentals and Additional Rentals under the Master Lease sufficient in amount for such purposes and to pay any other obligations hereunder which are to be paid from Base Rentals or Additional Rentals. Except to the extent provided in the Master Lease, neither the State of Utah nor any political subdivision thereof is obligated to pay any Rentals due to the Issuer for the Lessee’s use, occupancy and operation of the Leased Property.

(b) The Bonds, together with the interest and premium, if any, thereon, are not general obligations of the Issuer, but are limited obligations and, except for the security provided by this Indenture pursuant to Section 17D-2-505 of the Act, are payable solely from the Base Rentals received under the Master Lease and certain other amounts received under the Master Lease and this Indenture. Pursuant to Section 17D-2-505 of the Act, the Bonds shall be and hereby are

secured by the Trust Estate which is hereby specifically pledged, hypothecated, assigned and otherwise secured, subject to Permitted Encumbrances, for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, and premium, if any, and interest on, the Bonds, except as may be otherwise expressly authorized in this Indenture. Neither the full faith and credit nor the taxing powers of the State of Utah or any political subdivision of such State is pledged to the payment of the principal of, or premium, if any, or interest on, the Bonds or other costs appertaining thereto. The Bonds and the interest and premium, if any, thereon shall not now nor shall ever constitute an indebtedness of the State of Utah or any political subdivision of such State within the meaning of any state constitutional provision or limitation nor give rise to or be a general obligation or liability of nor a charge against the general credit or taxing powers of the State of Utah or any political subdivision of the State of Utah.

THE OBLIGATION OF THE LESSEE TO PAY BASE RENTALS AND OTHER AMOUNTS UNDER THE MASTER LEASE IS ANNUALLY RENEWABLE AS PROVIDED THEREIN. NEITHER THE OBLIGATION OF THE LESSEE TO MAKE SUCH PAYMENTS NOR THE BONDS WILL CONSTITUTE A DEBT OF THE LESSEE OR THE STATE OF UTAH. NEITHER THE ISSUANCE OF THE BONDS NOR THE EXECUTION AND DELIVERY OF THE MASTER LEASE DIRECTLY OR CONTINGENTLY OBLIGATE THE LESSEE TO APPROPRIATE ANY MONEY TO PAY RENTALS UNDER THE MASTER LEASE OR TO PAY ANY RENTALS BEYOND THOSE APPROPRIATED FOR THE LESSEE'S THEN CURRENT FISCAL YEAR. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE LESSEE'S OFFICERS AND AGENTS, NOR OFFICERS, TRUSTEES OR AGENTS OF THE ISSUER, NOR ANY PERSONS EXECUTING THE BONDS OR THE MASTER LEASE, SHALL BE LIABLE PERSONALLY ON THE BONDS OR THE MASTER LEASE OR SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THE BONDS OR THE EXECUTION OF THE MASTER LEASE.

(c) The Lessee covenants in the Master Lease to request appropriation of Rentals as part of its budgeting process, as more fully described therein. The Master Lease further provides that if the Lessee fails to appropriate for or pay any such Rentals, it must immediately quit and vacate the Leased Property and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon terminate. No judgment for money damages may be entered against the State of Utah nor against any political subdivision thereof for failure to pay such Rentals or any other amounts, except for Rentals theretofore appropriated and then available for such purpose, other moneys and property subject to the lien of the Indenture or as otherwise expressly provided in the Master Lease. No deficiency judgment may be entered against the State of Utah or any political subdivision of such State on foreclosure of any lien created by this Indenture or on sale of the Leased Property pursuant to a foreclosure or liquidation pursuant to this Indenture or reletting or sale of the Leased Property thereafter pursuant to the Indenture, except as otherwise expressly provided in the Master Lease. Neither the State of Utah nor any political subdivision thereof, other than the Lessee to the extent provided in the Master Lease, is obligated to pay the principal of, or premium, if any, or interest on, any Bond.

Section 205. The Register. The Issuer shall cause to be kept at the principal corporate office of the Registrar, a register for the registration, exchange and transfer of Bonds (herein called the "*Register*"). The names and addresses of the owners of the Bonds, the transfers and exchanges of the Bonds and the names and addresses of the transferees of all Bonds shall be registered in the

Register. The Issuer shall cause this Indenture to constitute a “system of registration” for all purposes of the Registered Public Obligations Act of the State of Utah, Chapter 7 of Title 15 of the Utah Code Annotated 1953, as amended.

Section 206. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth duly executed by the Trustee, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or become obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee and any such executed certificate upon any such Bond shall be conclusive evidence that such Bonds have been authenticated and delivered under this Indenture. The Trustee’s certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds of any Series issued hereunder.

Section 207. Form of Bonds. The Bonds issued under this Indenture shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

Section 208. Transfers and Exchanges of Bonds; Lost, Stolen, Destroyed or Mutilated Bonds. (a) The owner of any Bond may transfer such Bond only upon the surrender thereof for cancellation at the principal corporate trust office of the Trustee, except as provided in Section 208(d) hereof. Thereupon, the Issuer shall execute in the name of the transferee a new Bond or Bonds in aggregate principal amount equal to the original principal amount of the Bonds so surrendered, the principal amount thereof bearing interest at the same rate or rates as borne by the Bond or Bonds so surrendered and of the same Series, designation and maturity as the Bond or Bonds so surrendered, and the Trustee shall authenticate and deliver such new Bond or Bonds to such transferee.

(b) The owner of any Bond may at any time surrender or as otherwise provided in Section 208(d) hereof such Bond at the principal corporate trust office of the Trustee in exchange for an equal aggregate principal amount of Bonds of the same Series, designation and maturity, and the principal amount thereof bearing interest at the same rate or rates as borne by the Bond or Bonds so surrendered, in the form of fully registered Bonds in any authorized denominations.

(c) All Bonds presented or surrendered for transfer or exchange shall be accompanied by a written instrument or instruments of assignment or transfer, in form satisfactory to the Trustee, duly executed by the owner or by such owner’s attorney duly authorized in writing. Neither the Issuer nor the Trustee shall be required (i) to issue, register the transfer of or exchange any Bond during the period from the Regular Record Date or the Special Record Date, as the case may be, for a Bond Interest Payment Date to such Bond Interest Payment Date, (ii) to issue, register the transfer of or exchange any Bond during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of Bonds selected for redemption under Article VI hereof and ending at the close of business on the day of such mailing or (iii) to register the transfer of or exchange any Bond so selected for redemption in whole or in part, except the unredeemed portion of Bonds being redeemed in part.

(d) If any Series 2026 Bond shall become lost, stolen, mutilated or destroyed, the Registered Owner of the Bond shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as *Exhibit B* to the Indenture, that the Series 2026 Bond has been lost, stolen, mutilated or destroyed. The Trustee shall thereupon authenticate and deliver, a new Series 2026 Bond of like tenor and principal amount in exchange and substitution for the Series 2026 Bond so lost, stolen, mutilated or destroyed. Any Series 2026 Bond issued under the provisions of this subsection (d) in lieu of any Series 2026 Bond alleged to be lost, mutilated, destroyed or stolen shall constitute an additional contractual obligation of the Issuer, and shall be equally and proportionately entitled to the benefits of the Indenture with all other Series 2026 Bonds of the same Series secured by the Indenture. Neither the Issuer nor the Trustee shall be required to treat both the original Series 2026 Bond and any duplicate Series 2026 Bond as being outstanding for the purpose of determining the principal amount of Series 2026 Bonds which may be issued hereunder or for the purpose of determining any percentage of Series 2026 Bonds outstanding hereunder, but both the original and duplicate Series 2026 Bond shall be treated as one and the same.

(e) Upon the issuance of a new Bond pursuant to Section 208(a), (b) or (d) hereof, the Trustee may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge.

Section 209. Cancellation of Bonds. All Bonds surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Trustee for cancellation and, when surrendered to the Trustee, shall be cancelled by it, and no Bonds shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Indenture and as permitted by law. All such cancelled Bonds shall be burned or otherwise destroyed by the Trustee, and, upon the request of the Issuer, a certificate of destruction evidencing such burning or other destruction shall be furnished by the Trustee to the Issuer. If necessary, the Registered Owner shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as *Exhibit B* to the Indenture, that the Series 2026 Bond has been lost, stolen, mutilated or destroyed.

Section 210. Ownership. The Person in whose name any Bond shall be registered shall be deemed and treated as the owner thereof for all purposes of this Indenture, and neither the Issuer, the Trustee, the Paying Agent nor the Registrar shall be affected by any notice to the contrary. Payment of or on account of the principal of, and premium, if any, and interest on, the Bonds shall be made only to or upon the order in writing of such Registered Owner or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge such Bond to the extent of the sum or sums paid. For the purpose of any request, direction or consent hereunder, the Trustee, the Paying Agent and the Registrar may deem and treat the Registered Owner of any Bond as the owner and holder thereof without production of such Bond.

Section 211. Delivery of the Series 2026 Bonds. (a) Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate and register, the Series 2026 Bonds to be issued in the aggregate principal amount of \$[Principal Amount] and deliver them to the purchasers thereof as may be directed by the Issuer as hereinafter in this Section provided.

Prior to the delivery by the Trustee on original issuance of the Bonds, there shall be or have been delivered to the Trustee:

- (i) an original duly executed counterpart of each of the Operative Agreements;
- (ii) a copy, duly certified by the Secretary of the Issuer, of the resolution adopted and approved by the Board of Trustees of the Issuer authorizing the execution and delivery by the Issuer of each of the Operative Agreements and the issuance, sale, execution and delivery of the Series 2026 Bonds;
- (iii) a copy, duly certified by the City Recorder of the Lessee, of the resolution adopted and approved by the governing body of the Lessee approving the issuance of the Series 2026 Bonds and the terms thereof, approving the Indenture and authorizing the execution and delivery by the Lessee of each of the Operative Agreements to which the Lessee is a party;
- (iv) a request and authorization to the Trustee on behalf of the Issuer and signed by the President and Secretary of the Issuer to authenticate, register and deliver the Series 2026 Bonds to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization equal to the purchase price of the Series 2026 Bonds plus accrued interest (if any) thereon to the date of delivery;
- (v) an ALTA mortgagee title insurance policy, or commitment therefor, providing coverage in the amount of the Series 2026 Bonds, insuring the first lien of this Indenture on the Leased Property (*provided, however*, that such lien may be subject to Permitted Encumbrances), and showing the Trustee for the benefit of the Bondowners as the named insured;
- (vi) a written opinion of counsel to the Lessee as to the due organization and existence of the Lessee, the legal, valid and binding nature of the Master Lease and the Ground Lease as against the Lessee, and such other matters as may be reasonably required by the purchasers of the Series 2026 Bonds;
- (vii) a written opinion of counsel to the Issuer as to the due organization and existence of the Issuer, the legal, valid and binding nature of the Indenture, the Master Lease, the Deed of Trust and the Ground Lease, as against the Issuer, and such other matters as may be reasonably required by the purchasers of the Series 2026 Bonds;
- (viii) an Opinion of bond counsel to the effect that Series 2026 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act, including that the interest is tax-exempt; *provided* that such opinion may contain limitations acceptable to the purchaser of such Series of Bonds, including limitations as to enforcement by bankruptcy or similar laws, equity principles, sovereign police powers, and federal powers; and

(ix) evidence that the insurance required by Article VII of the Master Lease has been obtained;

The closing of this transaction shall constitute notice to the Trustee that the Purchaser has approved all matters requiring its consent in this Section 211.

Section 212. Temporary Bonds. Pending preparation of the definitive Bonds, any Bonds delivered under this Indenture, except those purchased by the Initial Purchaser, may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be in such principal amounts of authorized denominations as may be determined by the Issuer and the purchasers thereof, shall be in registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner as definitive Bonds. If the Issuer delivers temporary Bonds, it shall execute and furnish definitive Bonds without delay and, thereupon, the temporary Bonds shall be surrendered for cancellation in exchange therefor at the principal corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, of the same Series and maturity or maturities and bearing interest at the same rate or rates. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered pursuant hereto.

Section 213. Additional Bonds. At any time while there is no Event of Default under this Indenture or the Master Lease and so long as no Event of Nonappropriation has occurred and is then continuing, Additional Bonds may be issued for the purposes set forth in this Indenture and the Master Lease. If it is determined by the Lessee that Additional Bonds should be issued, the Lessee may file with the Issuer and the Trustee an estimate indicating the amount of costs to be incurred for the purposes for which Additional Bonds may be issued.

Thereupon, the Issuer and the Lessee may from time to time, with the prior written consent of the Initial Purchaser (if the Initial Purchaser owns any of the Series 2026 Bonds), agree upon and approve the issuance and delivery of Additional Bonds in such amount as shall be determined by said parties. All Additional Bonds shall be secured by the lien of this Indenture and rank *pari passu* with the Bonds, and, unless provided otherwise in a supplement to this Indenture, shall be in substantially the same form as the Series 2026 Bonds, but shall bear such date or dates, bear such interest rate or rates, have such maturity date or dates, redemption dates and redemption premiums, and be issued at such prices as shall be approved in writing by the Issuer and the Lessee; *provided, however*, that (a) principal of the Additional Bonds shall be payable on Bond Principal Payment Dates, and the interest thereon shall be payable on Bond Interest Payment Dates and (b) no such Additional Bonds shall have a maturity date later than February 1, _____, unless the final Renewal Term of the Master Lease expiring on or before such date is extended, in which case such maturity date shall be within the earliest extended final Renewal Term of the Master Lease.

Upon the execution and delivery in each instance of appropriate supplements to this Indenture and to the Master Lease, the Issuer shall execute and deliver to the Trustee, and the

Trustee shall authenticate and register, such Additional Bonds and deliver them to the purchasers thereof as may be directed by the Issuer as hereinafter provided in this Section. Prior to the delivery by the Trustee on original issuance of each Series of such Additional Bonds, there shall be or have been delivered to the Trustee:

(a) a written statement by the Lessee approving (i) the issuance and delivery of such Series of Additional Bonds and (ii) any other matters to be approved pursuant to this Section;

(b) a copy, duly certified by the Secretary of the Issuer, of the resolution adopted and approved by the Board of Trustees of the Issuer authorizing (i) the execution and delivery of a supplement to this Indenture and the amendment to the Master Lease, (ii) the issuance, sale, execution and delivery of such Series of Additional Bonds and (iii) if necessary, the execution and delivery of a ground lease with respect to any land to be leased to the Issuer for the purpose of financing any improvements thereon with the proceeds of sale of such Series of Additional Bonds;

(c) a request and authorization to the Trustee on behalf of the Issuer and signed by the President and Secretary of the Issuer to authenticate, register and deliver such Series of Additional Bonds in the aggregate principal amount designated therein to the purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization equal to the purchase price of such Series of Additional Bonds plus accrued interest (if any) thereon to the date of delivery;

(d) an original duly executed counterpart of a supplement to this Indenture, a ground lease (if necessary) as described in clause (iii) of subparagraph (b) above and a Tax Certificate (if necessary) with respect to such Series of Additional Bonds;

(e) an ALTA mortgagee title insurance policy (or commitment therefor) or a date-down endorsement (or commitment therefor) to the ALTA mortgagee title insurance policy issued in connection with the original project and, if required by the Lessee, to the ALTA leasehold title insurance policy issued as provided in Section 211(a)(v) hereof, which endorsement shall insure to the date of issuance of such Series of Additional Bonds, the continuing validity of the lien thereof, as modified by the supplement to the Indenture, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement shall increase the amount of title insurance coverage thereunder to an amount not less than the principal amount of the Additional Bonds plus the principal amount of other Bonds then-outstanding issued as provided in Section 211(a)(v) hereof, and insuring that the leasehold interest to the Real Estate is vested in the Issuer, title to the leasehold estate under the Master Lease is vested in the Lessee and, if such is the case, title to the leasehold estate under any ground lease executed in connection with such Series of Additional Bonds is vested in the Issuer, subject in each instance to Permitted Encumbrances, and naming the Trustee as an insured;

(f) A copy, duly certified by the City Recorder of the Lessee, of the resolution adopted and approved by the governing body of the Lessee approving the issuance of such Series of Additional Bonds and the terms thereof;

(g) an original duly executed counterpart of an amendment to the Master Lease providing, among other things, for adjusting (i) the Base Rentals payable by the Lessee under Section 4.01(a) thereof following the refunding or completion of acquisition or construction for which such Additional Bonds are issued to include payment of principal of and interest on such Additional Bonds and (ii) the allocation of the portions of the Base Rental attributable to the improvements, facilities and properties the construction, acquisition, improving and equipping of which is being financed from the proceeds of sale of such Series of Additional Bonds, which allocation shall be set forth as an attachment to *Schedule I* to the Master Lease;

(h) a written opinion of counsel to the Lessee as to the legal, valid and binding nature of the amendment to the Master Lease, as against the Lessee, and such other matters as may be reasonably required by the purchasers of such Series of Additional Bonds;

(i) a written opinion of counsel to the Issuer as to the legal, valid and binding nature of the amendment to the Master Lease and the supplement to this Indenture, as against the Issuer, and such other matters as may be reasonably required by the purchasers of such Series of Additional Bonds;

(j) an Opinion of bond counsel to the effect that the Additional Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act, including that the Additional Bonds do not impact the tax-exempt status of the Series 2026 Bonds; *provided* that such opinion may contain limitations acceptable to the purchaser of such Series of Bonds, including limitations as to enforcement by bankruptcy or similar laws, equity principles, sovereign police powers, and federal powers; and

(k) a certificate of the Issuer, 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.

The proceeds of sale of each Series of Additional Bonds shall be deposited by the Trustee in the appropriate funds.

ARTICLE III

GENERAL COVENANTS

Section 301. Payment of Bonds. The Issuer hereby covenants to pay promptly the principal of (whether at maturity, by acceleration or call for redemption or otherwise), and

premium, if any, and interest on, the Bonds at the places, on the dates and in the manner provided herein and in every Bond issued under this Indenture according to the true intent and meaning thereof; *provided, however*, that such obligations are not general obligations of the Issuer but are limited obligations payable solely from the Revenues, which Revenues are hereby specifically pledged to such purposes in the manner and to the extent provided herein, and nothing in the Bonds or in this Indenture shall be construed as pledging any funds or assets of the Issuer other than those mortgaged, assigned and pledged hereby. The Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a pledge of the faith and credit of the Issuer, and the Issuer shall not be obligated to pay the principal of, and premium, if any, and interest on, the Bonds or other costs incident thereto except from the Revenues pledged therefor. The Issuer has no taxing power.

Section 302. Performance of Issuer's Covenants; Authority. The Issuer shall faithfully observe and perform at all times any and all covenants, conditions and agreements on its part contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Board of Trustees pertaining thereto. The Issuer represents that (a) it is duly authorized under the Constitution and laws of the State of Utah, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture, to mortgage the property described in and mortgaged hereby and to assign the Master Lease and to pledge the Revenues in the manner and to the extent herein set forth; (b) all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken (or if Additional Bonds are issued pursuant to Section 213 hereof will be duly taken as provided therein); and (c) the Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 303. Payment of Taxes, Charges, Insurance, etc.. The Issuer shall cause the Lessee pursuant to the Master Lease to maintain certain insurance and pay all lawful taxes, assessments and charges at any time levied or assessed against or with respect to the Leased Property or the Revenues, or any part thereof, which might impair or prejudice the lien and priority of this Indenture; *provided, however*, that nothing contained in this Section 303 shall require the maintenance of insurance or payment of any such taxes, assessments or charges if the same are not required to be maintained or paid under the provisions of Section 7.01 or 8.01 of the Master Lease. The Issuer shall maintain such insurance and pay such taxes, assessments and charges to the same extent as provided in Sections 7.01 and 8.01 of the Master Lease, respectively, as if said Sections were herein set forth in full, if and to the extent that the Lessee fails to maintain such insurance or pay such taxes, assessments or charges, but the liability hereby imposed on the Issuer shall only be paid from the Trust Estate as herein provided.

Section 304. Maintenance and Repair. Pursuant to the provisions of Section 6.01 of the Master Lease, the Lessee has agreed at its own expense to maintain, manage and operate the Leased Property in good order, condition and repair, and the Lessee may, at its own expense, make from time to time additions, modifications or improvements to the Leased Property under the terms and conditions set forth in Section 9.01 of the Master Lease.

Section 305. Recordation of the Master Lease, Deed of Trust and Security Instruments. The Issuer shall cause the Deed of Trust, the Master Lease and all supplements thereto as well as such other security instruments, assignment financing statements, continuation statements and all

supplements thereto and other instruments as may be required from time to time to be kept recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the owners of the Bonds and the rights of the Trustee hereunder and to perfect the lien of, and the security interest created by, the Indenture.

Section 306. Inspection of Financed Property Books. The Issuer covenants and agrees that all books and documents in the possession of the Issuer relating to the Financed Property and the Revenues derived from the Leased Property and the leasing thereof shall at all times be open to inspection by such accountants or other agents as the Trustee or Initial Purchaser (so long as the Initial Purchaser is a Bondowner) may from time to time designate.

Section 307. Rights Under the Master Lease. The Master Lease, a duly executed counterpart of which has been filed with the Trustee sets forth the covenants and obligations of the Issuer and the Lessee, including provisions that subsequent to the initial issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof, the Master Lease may not be effectively amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Initial Purchaser (if the Initial Purchaser is the Owner of any Bonds) and, if the Initial Purchaser is no longer an Owner of any Bonds, then with the consent of the Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Lessee under the Master Lease.

Section 308. Warranty. The Issuer has the right, power and authority to grant a security interest in the Trust Estate to the Trustee for the uses and purposes herein set forth. The Issuer warrants that there is no financing statement or other filed or recorded instrument in which the Issuer is named as, or which the Issuer has signed as, debtor now on file in any public office covering any of the Trust Estate excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and that the lien and security interest herein created have been duly perfected and are prior to any other.

Section 309. Further Assurances. The Issuer will, at the Lessee's expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the lien and security interest being herein provided for in the Trust Estate, whether now owned or held or hereafter acquired, including but not limited to executing or causing to be executed such financing statements and continuation statements as shall be necessary under applicable law to perfect and maintain the security interest being herein provided for in the Trust Estate. Without limiting the foregoing, but in furtherance of the security interest herein granted in the Revenues and other sums due and to become due under the Master Lease, the Issuer covenants and agrees that it will notify the Lessee of this Indenture pursuant to Section 11.02 of the Master Lease, and that it will direct such Lessee to make all payments of Base Rentals, Additional Rentals provided in Section 4.01(b)(ix) of the Master Lease and other sums due and to become due under the Master Lease directly to the Trustee or as the Trustee may direct or as may be otherwise provided in the Master Lease.

Section 310. Actions with Respect to Trust Estate. The Issuer will not:

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

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

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

Section 311. Power of Attorney in Respect of the Master Lease. The Issuer does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead (a) to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under the Granting Clauses hereof, and (b) without limiting the provisions of the foregoing clause (a) hereof, during the continuance of any Event of Default under this Indenture, to exercise any remedies available under the Master Lease as fully as the Issuer could itself do, and to perform all other necessary or appropriate acts with respect to any such remedies, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Issuer or otherwise, which the Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Trustee and Registered Owners in the Master Lease and to the Revenues under the Master Lease and other sums and the security intended to be afforded hereby, whether or not the Issuer is in default hereunder.

ARTICLE IV

REVENUES AND FUNDS

Section 401. Source of Payment of Bonds.

The Base Rentals that the Lessee is required to pay in accordance with Section 4.01(a) of the Master Lease and the Additional Rentals that the Lessee is required to pay in accordance with Section 4.01(b)(ix) of the Master Lease are to be remitted directly to the Trustee for the account of the Issuer and deposited into the Bond Fund as provided in the Master Lease. Such payments, sufficient in amount to insure the prompt payment of the principal, and premium, if any, and

interest on, the Bonds (so long as the Lessee appropriates sufficient moneys annually to pay Rentals accruing during each succeeding Renewal Term under the Master Lease) are pledged to secure the payment of such principal of, and premium, if any, and interest on, the Bonds. Said pledge shall constitute a first and exclusive lien on the Base Rentals and such Additional Rentals provided in the Master Lease for the payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with the terms hereof and thereof and otherwise for the benefit of the Interests Hereby Secured.

Section 402. Creation of Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of American Fork City, Utah Lease Revenue Bonds Bond Fund*,” which shall be used to pay the principal of and interest on the Bonds as herein provided.

Section 403. Payments into Bond Fund. (a) There shall be deposited into the Bond Fund, as and when received, the following:

- (i) all Base Rentals;
- (ii) any subsidy payments received by the Issuer or the Lessee from the federal government with respect to the Bonds;
- (iii) any other amount to be deposited therein pursuant to any other provisions hereof; and
- (iv) all other moneys received by the Trustee under and pursuant to any of the provisions of the Master Lease (including but not limited to any amounts to be paid into the Bond Fund pursuant to Sections 10.01(b) and 11.01 thereof) or otherwise which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund.

(b) The Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding, the Issuer will deposit, or cause to be paid to the Trustee for deposit, into the Bond Fund for its account, sufficient sums from the amounts derived from the Master Lease, but only to the extent provided therein, promptly to meet and pay the principal of, and premium, if any, and interest on, the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to use any funds or revenues for such purpose from any source other than funds or revenues described above.

Section 404. Use of Moneys in Bond Fund. Except as provided in Section 412 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds.

Section 405. Custody of Bond Fund. The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby irrevocably authorizes and directs, without further authorization or direction required, the Trustee to withdraw sufficient moneys from the

Bond Fund on each Bond Payment Date to pay the principal of and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 406. Notice of Nonpayment of Base Rentals; Notice of Failure to Deliver Notice of Extension of Term of Lease. (a) The Trustee shall give written notice as soon as practicable, but in no event later than five (5) days after the applicable Base Rental Payment Date, to the Lessee in the event any Base Rentals are not paid when due on the applicable Base Rental Payment Date and shall specify the amount of the Base Rentals not so paid.

(b) The Trustee shall give telephonic notice, promptly confirmed in writing, on or before February 10 of each year during the term of the Master Lease, to the Lessee if the Trustee has not theretofore received the notice from the Lessee required by Section 3.01 of the Master Lease and otherwise make the written inquiry of the Lessee as provided in Section 3.01 of the Master Lease.

Section 407. Creation of Acquisition Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of American Fork City, Utah Lease Revenue Bonds Acquisition Fund*,” which shall be expended in accordance with the provisions of the Master Lease and this Article IV.

Section 408. Disposition of Proceeds of Sale of Series 2026 Bonds; Disbursements from Acquisition Fund. (a) The proceeds of the issuance and delivery of the Bonds shall be deposited to the Acquisition Fund.

(b) Except as provided in Section 408(c) hereof and so long as no Event of Nonappropriation or Event of Default shall occur and be continuing and the Lessee’s right (as agent to the Issuer under the Agency Agreement) to control the Project has not otherwise been terminated pursuant to the Master Lease or the Agency Agreement, the Trustee is hereby authorized and directed to make payments as requested by the Lessee from the Acquisition Fund to pay the Costs of Acquisition, to make each disbursement otherwise required by the applicable provisions of the Master Lease and to issue its checks therefor, upon receipt of a written requisition or requisitions signed by an Authorized Lessee Representative in substantially the form attached hereto as *Exhibit C*.

If any requisition includes an item for payment for labor or to contractors, builders or materialmen, a certificate shall be attached to the requisition, signed on behalf of the Issuer and the Lessee by an Authorized Lessee Representative stating that (1) obligations as stated on the requisition have been properly incurred, (2) such work was actually performed and such materials, supplies or equipment were actually furnished or installed in or about the construction or equipping of the Facilities (as defined in the Master Lease) or at a storage site for the Facilities and (3) either such materials, supplies or equipment are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition.

(c) In the event that sufficient moneys are not on deposit in the Bond Fund on a Bond Interest Payment Date, the Trustee is hereby authorized to withdraw moneys held in the Acquisition Fund for deposit into the Bond Fund to the extent necessary to make full payment of interest then coming due on the Bonds to pay such interest then coming due. The Trustee shall

deposit such moneys into the Bond Fund. Upon receipt by the Trustee of any late Base Rentals for which moneys had theretofore been withdrawn from the Acquisition Fund and deposited into the Bond Fund as provided in this Section 408(c), the Trustee shall deposit a portion or all of such Base Rentals into the Acquisition Fund in an amount equal to the amount so withdrawn therefrom.

(d) In an Event of Nonappropriation or if an Event of Default shall occur prior to the delivery of the Completion Certificate, the Trustee shall take such actions as may be authorized with respect to moneys then remaining in the Acquisition Fund pursuant to Sections 5.01(c) and 5.01(d) of the Master Lease as the Trustee may deem appropriate in the best interests of the owners of the Bonds.

(e) So long as no Event of Nonappropriation or Event of Default occurs under the Master Lease and so long as the Lessee's right to control the Project has not otherwise been terminated as provided in the Master Lease or the Agency Agreement and except as provided in Section 4.08(c) hereof, moneys on deposit in the Acquisition Fund shall be subject to the beneficial interest of the Lessee as provided herein and in the Master Lease.

Section 409. Acquisition of the Project; Delivery of Completion Certificate. The completion of the Acquisition of the Project under the Master Lease, the payment or provision made for payment of all Costs of Acquisition under the Master Lease and the acceptance of the Leased Property by the Lessee shall be evidenced by the filing with the Trustee of the Completion Certificate of an Authorized Lessee Representative stating that, to the best of the Lessee's knowledge based upon the representations of the engineers, vendors, suppliers, contractors, architects and other consultants for the Project and except for any amounts estimated by such Authorized Lessee Representative to be necessary for payment of any Costs of Acquisition not then due and payable, the Acquisition of the Project has been completed (within the meaning of the Act) and the Leased Property has been accepted by the Lessee. Notwithstanding the foregoing, such Certificate shall not, and shall state that it does not, prejudice any rights against third parties which exist on the date of such Certificate or which may subsequently come into being. Acquisition of the Project shall be considered completed (within the meaning of the Act) upon delivery to the Lessee (in its capacity as agent to the Issuer pursuant to the Agency Agreement) by the architect or engineer responsible for the Project of a Certificate of Substantial Completion in the customary form of the American Institute of Architects with respect to such Project, at which time the Lessee shall deliver the Completion Certificate described above in this Section 409 to the Trustee. Such Certificate of Substantial Completion shall be attached to the Completion Certificate delivered to the Trustee. Upon delivery of the Completion Certificate, any moneys remaining in the Acquisition Fund (except any amount that the Lessee shall have directed the Trustee to retain for any Cost of Acquisition not then due and payable and except as otherwise may be required by any Tax Certificate) shall without further authorization be transferred by the Trustee for deposit into the Bond Fund and applied by the Trustee as directed by the Lessee to the payment of debt service on the Bonds.

Section 410. Moneys to be Held in Trust; Nonpresentment of Bonds. (a) All moneys required to be deposited with or paid to the Trustee for account to any Fund referred to in any provision of this Indenture shall be held by the Trustee in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has

been duly given, shall, while held by the Trustee or the Paying Agent, constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

(b) If any Bonds are not presented for payment when due, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the owners thereof, the Trustee shall hold such funds without liability for interest, for the benefit of the owners of such Bonds, who shall be restricted exclusively to such funds for any claim of whatever nature on or with respect to such Bonds, or alternatively, the Bondowner shall provide the Trustee with a written certificate (at no cost or expense to the Bondowner) and in substantially the form attached hereto as *Exhibit B*, that such Bonds have been lost, stolen, mutilated or destroyed. Any moneys deposited with and held by the Trustee for the benefit of such claimants, if any, for four years after the date upon which so deposited shall be repaid to the Lessee upon its written demand, and thereupon and thereafter no such claimant shall have any rights to or in respect of such moneys against the Trustee.

Section 411. Repayment to the Lessee from Bond Fund and Redemption Fund. Any amounts remaining in the Bond Fund and the Redemption Fund after payment or provision for payment in full of the principal of, and premium, if any, and interest on, the Bonds and all other amounts required to be paid hereunder or under the Master Lease shall be paid immediately to the Lessee, subject to the requirements of Section 410(b) hereof and any Tax Certificate.

Section 412. Creation of Insurance Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of American Fork City, Utah Lease Revenue Bonds Insurance and Condemnation Award Fund*,” which shall be used as provided in Section 413 hereof.

Section 413. Use of Moneys in Insurance Fund. All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from any self-insurance program) from policies of insurance required by the Master Lease or condemnation awards, or any proceeds resulting from a default under any other contract relating to the Leased Property which are received by the Trustee shall be deposited into the Insurance Fund. An Authorized Lessee Representative in accordance with Section 10.01 of the Master Lease shall file an Officer’s Certificate with the Trustee, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds, as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such Officer’s Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement, and the Trustee is hereby authorized to disburse moneys from such Insurance Fund as so directed by such Authorized Lessee Representative upon receipt of evidence satisfactory to the Trustee of the application of such funds for such purpose; or

(b) to the payment, in whole or in part, of the principal of the Bonds, but only upon receipt of such Officer’s Certificate of the Authorized Lessee Representative, and the Trustee

is hereby authorized to withdraw moneys from such Insurance Fund and deposit them into the Bond Fund to be applied to such payment in accordance with Section 10.01 of the Master Lease.

Section 414. Covenant to Maintain Tax Exemption; Rebate. (a) The Issuer covenants and agrees to and for the benefit of the owners of the Series 2026 Bonds that the Issuer (i) will not take any action that would cause interest on the Series 2026 Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series 2026 Bonds as provided in Section 103 of the Code, (ii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause interest on the Series 2026 Bonds to be or to become ineligible for the exclusion from gross income of the owners of the Series 2026 Bonds as provided in Section 103 of the Code and (iii) without limiting the generality of the foregoing, (A) will not take any action which would cause the Series 2026 Bonds, or any Series 2026 Bond, to be a “private activity bond” within the meaning of Section 141 of the Code or to fail to meet any applicable requirement of Section 149 of the Code and (B) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the Series 2026 Bonds, or any Series 2026 Bond, to be a “private activity bond” or to fail to meet any applicable requirement of Section 149 of the Code; *provided, however*, that nothing herein shall be construed to prohibit or limit the exercise of any of the rights and remedies provided to the Trustee in Article IX hereof upon the occurrence of an Event of Default hereunder. The Issuer shall execute from time to time such Tax Certificates as shall be necessary to establish that the Series 2026 Bonds are not and will not become “private activity bonds,” that all applicable requirements of Section 149 of the Code are and will be met and that the covenants of the Issuer contained in this Section 414(a) will be complied with.

(b) The Issuer covenants and certifies to and for the benefit of the owners from time to time of the Series 2026 Bonds that: (i) the Issuer will at all times comply with the provisions of any Tax Certificates; and (ii) the Issuer will at all times comply with any applicable rebate requirements contained in Section 148(f) of the Code. If any moneys are to be rebated to the United States pursuant to Section 148(f) of the Code, there shall be created and established with the Trustee an irrevocable trust fund to be designated “*Local Building Authority of American Fork City, Utah Lease Revenue Bonds Rebate Fund*.” Moneys in the Rebate Fund are not a part of the Trust Estate and shall be invested and used to pay rebate to the United States in accordance with Section 148(f) of the Code and any Tax Certificate.

(c) The Issuer hereby further covenants to adopt, make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) any resolution or Tax Certificate necessary to comply with any changes in law or regulations in order to preserve the excludability of interest on the Series 2026 Bonds from gross income of the owners thereof for federal income tax purposes to the extent that it may lawfully do so. The Issuer further covenants to (i) impose such limitations on the investment or use of moneys or investments related to the Bonds, (ii) make such payments to the United States Treasury, (iii) maintain such records, (iv) perform such calculations and (v) perform such other acts as may be necessary to preserve the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes to the extent that it may lawfully do so.

(d) Pursuant to the covenants set forth in this Section 414, the Issuer obligates itself to comply, and agrees to cause the Lessee to comply, throughout the term of the issue of the Series

2026 Bonds with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder to establish and maintain the excludability from gross income for federal income tax purposes of interest on the Series 2026 Bonds.

(e) In the event that an action or inaction of the Issuer directly causes the interest payable with respect to the Series 2026 Bonds to be includable in gross income of the Owners thereof for federal and State of Utah income tax purposes, the Issuer shall make the Owners of the Series 2026 Bonds whole by paying interest on the Series 2026 Bonds at a tax-equivalent (i.e. taxable) interest rate determined by the Owners thereof.

(f) The Issuer recognizes that Section 265(b)(3) of the Code provides that a “qualified tax-exempt obligation” (as therein defined) may be treated by certain financial institutions as if it were acquired on August 7, 1986, for certain purposes. The Issuer hereby designates each of the Series 2026 Bonds that is outstanding from time to time as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Issuer certifies, represents, covenants, warrants and agrees that (a) none of the Series 2026 Bonds will be at any time a “private activity bond” (as defined in Section 141 of the Code), (b) as of the date of original issuance of the Bonds, other than the Series 2026 Bonds in calendar year 2026 no tax-exempt bonds of any fund will have been issued (i) by or on behalf of the Issuer or subordinate entities, (ii) by other issuers, any of the proceeds of which have been or will be used to make any loans to the Issuer or subordinate entities or (iii) any portion of which are allocated to the Issuer or subordinate entities for purposes of Section 265(b) of the Code, (c) the reasonably anticipated amount of tax-exempt bonds (other than “private activity bonds” that are not “qualified 501(c)(3) bonds,” as such terms are defined in Section 141 of the Code) that will be issued in calendar year 2026 (i) by or on behalf of the Issuer or subordinate entities, (ii) by other issuers, any of the proceeds of which have been or will be used to make any loans to the Issuer or subordinate entities or (iii) any portion of which are allocated to the Issuer or subordinate entities for purposes of Section 265(b) of the Code (including the Series 2026 Bonds) does not exceed \$10,000,000 and (d) not more than \$10,000,000 of obligations (including the Series 2026 Bonds) issued (i) by or on behalf of the Issuer, (ii) by other issuers any of the proceeds of which have been or will be used to make any loans to the Issuer or subordinate entities or (iii) any portion of which has been allocated to the Issuer subordinate entities for purposes of Section 265(b) of the Code during calendar year 2026 will be designated by the Issuer for purposes of Section 265(b)(3) of the Code. As used in this paragraph, “*tax-exempt bonds*” means obligations of any kind the interest on which is not includible in the gross income of the owners thereof for purposes of federal income taxation. Terms used in this paragraph that are not otherwise defined herein shall have the same meanings herein as in the provisions of the Code that relate to tax-exempt bonds.

ARTICLE V

INVESTMENT OF MONEYS

Section 501. Permitted Investments. Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Bond Fund, the Insurance Fund, the Redemption Fund or any accounts in any thereof or in any other fund or account hereunder shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction

of the Lessee, in any of the following permitted investments maturing not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or other fund or account:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following federal agencies (including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations provided that such evidences of direct ownership have been created by or at the direction of the obligated federal agency); provided that such obligations are backed by the full faith and credit of the United States of America:

- (i) Farmers Home Administration (FmHA)
Certificates of beneficial ownership;
- (ii) Federal Housing Administration Debentures (FHA);
- (iii) General Services Administration
Participation certificates;
- (iv) Governmental National Mortgage Association
(GNMA or “Ginnie Mae”)
GNMA — guaranteed mortgage-backed bonds
GNMA — guaranteed pass-through obligations
(participation certificates)
- (v) U.S. Maritime Administration Guaranteed Title XI financing;
and
- (vi) U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds.

(c) The Utah State Treasurer’s pooled investment fund (commonly known as the “*PTIF Fund*”).

(d) Money market funds rated “AAAm” or “AAAm-G” or better by Moody’s Investors Service, Inc. or Standard & Poor’s Credit Market Services, a division of The McGraw-Hill Companies, Inc.

All such investments shall at all times be a part of the Fund from whence the moneys used to acquire such investments shall have come. In computing the amount

in any fund or account hereunder, investments permitted by this Section 501 shall be valued at the market price thereof at least annually by the Trustee on or before December 31 of each year. All income and profits on such investments, shall be credited to, and all losses thereon shall be charged against, such funds and accounts equal to each fund's or account's respective proportionate contribution thereto. Any such investments shall be made and held by or under the control of the Trustee. Any such investments shall be made by the Trustee in such manner as to assure the availability of moneys to payments of the principal of, and premium, if any, and interest on, the Bonds at the times and in the amounts as provided therein. The Trustee may make any and all such investments through its trust department or the bond department of any bank or trust company under common control with the Trustee. The Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Bond Fund is insufficient to pay the Bondowners at the times and in the amounts as provided herein. Notwithstanding anything in this Indenture to the contrary, no investment or use shall be made of any moneys held in any Fund which would violate the requirements of any Tax Certificate.

ARTICLE VI

REDEMPTION OF BONDS

Section 601. Redemption of Bonds. The Series 2026 Bonds are subject to redemption at the option of the Issuer (upon receipt of a direction of the City to the Issuer pursuant to the Master Lease) on any date prior to maturity, in whole or in part, in chronological order of maturity, at a redemption price equal to 100% of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the redemption date. In the event that any Series 2026 Bond shall be redeemed in part, the Registered Owner shall make a notation of such partial redemption on each of the Series 2026 Bonds that are redeemed in part only.

Section 602. Reserved.

Section 603. Redemption Fund. There is hereby created by the Issuer and ordered established with the Trustee an irrevocable trust fund to be designated "*Local Building Authority of American Fork City, Utah Lease Revenue Bonds Redemption Fund*." All moneys to be used for redemption of Bonds shall be deposited in the Redemption Fund. Said moneys shall be set aside in the Redemption Fund solely for the purpose of redeeming the principal of the Bonds in advance of their scheduled maturity date, and shall be applied on or after the date designated for redemption of the principal of, and premium, if any, and interest on, the Bonds to be redeemed, as the case may be, upon presentation and surrender of such Bonds, or alternatively, the Bondowner shall provide the Trustee with a written certificate (at no cost or expense to the Bondowner) and in substantially the form attached to the Indenture (Exhibit B), that such Bonds have been lost, stolen, mutilated or destroyed.

Section 604. Notice of Redemption; Deposit of Moneys. (a) Notice of the call for any redemption shall be given by the Trustee (upon being satisfactorily indemnified by the Issuer as to

expenses) in writing by certified mail, return receipt requested, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Registered Owner actually receives the notice. Each notice of redemption shall state:

- (i) the redemption date;
- (ii) the redemption price;
- (iii) the source of the funds to be used for such redemption, if known by the Trustee;
- (iv) the principal amount of the Bonds to be redeemed;
- (v) if less than all of the outstanding Bonds of any Series are to be redeemed, the certificate numbers and the respective principal amount of the Bonds to be redeemed;
- (vi) that on the redemption date the redemption price and interest accrued to the redemption date will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after the redemption date *provided* that payment for redemption is actually made to the Registered Owners on the redemption date; and
- (vii) the name and address of the Paying Agent to which such Bonds are to be surrendered for payment of the redemption price.

(b) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all Bonds called for redemption, which moneys are or will be available for redemption of Bonds, such notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

(c) On or prior to the date fixed for any redemption of Bonds the moneys required for such redemption shall be deposited with the Trustee by the Lessee in accordance with the Master Lease. The principal of the Bonds called for redemption shall cease to bear interest after the specified redemption date, *provided* that sufficient funds for redemption are on deposit with the Trustee at that time.

Section 605. Revised Schedule of Base Rentals. Upon partial redemption or the issuance of Additional Bonds pursuant to Section 213 hereof, the Issuer shall provide the Trustee and the Lessee with a revised schedule of Base Rentals which schedule shall take into account such redemption or issuance and, upon prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) in the case of partial redemption, shall be and become for all purposes thereafter *Schedule I* to the Master Lease setting forth the Base Rentals.

ARTICLE VII

DISCHARGE OF LIEN

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for the unconditional payment made from any source, to or for the Bondowners all principal of, and premium, if any, and interest on, the Bonds at the times and in the manner stipulated therein and herein, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in this Indenture expressed or implied as to be kept, performed and observed by it or on its part, and if the Lessee shall not then be in default in any of its covenants and promises in the Master Lease expressed or implied as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, then all rights and obligations of the Issuer, the Lessee and the Trustee under this Indenture and the Master Lease shall terminate and be of no further force and effect and the Trustee shall cancel and discharge this Indenture and the Master Lease and execute and deliver to the Issuer such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and reconvey, release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of this Indenture, except (a) amounts in the Bond Fund required to be paid to the Lessee pursuant to Section 409 hereof, (b) moneys or securities held by the Trustee for the payment of the principal of, or premium, if any, or interest on, the Bonds and (c) any moneys to be paid pursuant to any Tax Certificate.

Any Bond shall be deemed to be paid, or any portion thereof shall be deemed to be paid, within the meaning of this Article VII when payment of the principal of, and premium, if any, and interest on, the Bonds (or such portion thereof) 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 the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations, as defined hereinafter in this Article VII, which are not callable at the option of the issuer thereof prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient moneys to make such payment on and prior to the redemption date or maturity date, as the case may be; *provided, however*, that if the Bonds are not to be paid on the next succeeding Bond Payment Date, proper notice of redemption shall have been previously mailed as provided in Section 604 hereof or the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail notice of redemption as provided in Section 604 hereof; *provided, further, however*, that the Issuer shall deliver to the Trustee a cash flow report prepared by an independent certified public accountant that the amount of moneys and Government Obligations deposited with the Trustee, including interest earnings thereon, are sufficient to pay the principal of and interest on the Bonds to be redeemed when due. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

Any moneys so deposited with the Trustee as provided in this Article VII may, at the direction of the Issuer, be invested and reinvested only in Government Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Article VII which is not required for the payment of the principal of, or premium, if any, or interest on, the Bonds shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

For the purposes of this Article VII the term “*Government Obligations*” shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America.

Notwithstanding any provision of any other Section of this Indenture which may be contrary to the provisions of this Article VII, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article VII for the payment of principal of, or premium, if any, or interest on, the Bonds shall be applied to and used solely for the payment of the particular Bonds with respect to which such moneys and Government Obligations have been so set aside in trust.

Anything in Article XII hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Trustee pursuant to this Article VII for the payment of principal of, or premium, if any, or interest on, the Bonds and such principal, premium or interest shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the owner of each of the Bonds affected thereby.

ARTICLE VIII

POSSESSION AND USE OF LEASED PROPERTY

Section 801. Subordination of Lease to the Indenture. As provided in Section 11.05 of the Master Lease, the Master Lease and the Lessee’s interest in the Leased Property and its interest as lessee under the Master Lease shall at all times be subject and subordinate to the lien of this Indenture, *provided, however*, that so long as no Event of Default hereunder or an Event of Nonappropriation has occurred and is then continuing the Master Lease shall remain in full force and effect notwithstanding such subordination, and the Lessee shall not be disturbed by the Issuer or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Master Lease or in the enjoyment of its rights under the Master Lease.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

The provisions of this Article are as stated, except and unless as otherwise provided herein.

Section 901. Events of Default Defined. The occurrence of any of the following events shall constitute an “Event of Default” under this Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity date thereof, by acceleration or call for redemption or otherwise; or

(b) Default in the payment of any interest on any Bond when the same shall become due and payable; or

(c) The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Master Lease; or

(d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained and the continuance thereof for a period of fifteen (15) days after written notice to the Issuer and the Lessee given by the Trustee or to the Trustee, the Issuer and the Lessee by the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners of not less than a majority in aggregate principal amount of Bonds then outstanding. *Section 902. Remedies Upon Default.* Upon the occurrence and continuance of any Event of Default hereunder, but subject always to Article X hereof, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Issuer, as lessor, has against the Leased Property and the Lessee under the pertinent provisions of the related Master Lease and subject to the restrictions and limitations therein provided. Upon the occurrence and continuance of any Event of Default, the Trustee may and shall, at the written request of Bondowners of not less than 25% in aggregate principal amount declare the principal amount of the Bonds then outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding; *provided, however,* that no such acceleration shall change or otherwise affect the Lessee’s obligation under such Master Lease to pay Rentals only during the terms of such Master Lease and in the amounts and at the times as provided in the Master Lease. The Trustee shall give notice of such declaration of acceleration to the Lessee and the Issuer and shall give notice thereof to owners of all Bonds then outstanding. The Series 2026 Bonds are subject to interest at the Default Rate, as defined in the Indenture, until such Event of Default is cured to the satisfaction of the Registered Owner of the Series 2026 Bonds.

Section 902. Remedies Upon Default Upon the occurrence and continuance of any Event of Default, the Trustee shall, without any action on the part of the owners of the Bonds, give notice to the Lessee to vacate the Leased Property immediately as provided in the related Master Lease, with or without terminating the term of such Master Lease thereunder except as to the Lessee’s possessory interests in the Leased Property under the Master Lease. The Trustee may, and at the written request of Bondowners of not less than 25% in aggregate principal amount of Bonds then outstanding shall, execute a written notice of default and an election to cause the Issuer’s interest in the Leased Property or any portion thereof to be sold to satisfy the obligations of the Issuer under this Indenture in accordance with the provisions of the related Deed of Trust and/or may

cause a sale of personal property as provided by law and take one or any combination of the following additional remedial steps:

(a) The Trustee may terminate the related Master Lease or the Lessee's possessory rights thereunder (without otherwise terminating the Master Lease), and re-enter the Leased Property, eject all parties in possession thereof therefrom and relet the Leased Property, all as provided in Section 15.02(a) of the related Master Lease;

(b) The Trustee may, subject to compliance with the applicable provisions of the "one action rule" set forth in Chapter 37 of Title 78 of the Utah Code Annotated 1953, as amended, recover from the Lessee:

(i) the portion of Base Rentals and Additional Rentals which are or would otherwise have been payable under the related Master Lease during any period in which the Lessee continues to use, occupy and operate the Financed Property or any portion thereof; and

(ii) Base Rentals and Additional Rentals which are or would otherwise have been payable by the Lessee under the related Master Lease during the remainder, after the Lessee vacates the Financed Property, of the Initial Term or the Renewal Term in which such Event of Default occurs for which Term the Lessee had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals;

(c) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Leased Property or any part thereof, in its own name or in the name of the Issuer, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Leased Property, or part thereof or interest or space therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Leased Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any obligations secured hereby, all in such order as the Trustee may determine with the Initial Purchaser's prior written consent (so long as the Initial Purchaser is a Bondowner). The entering upon and taking possession of the Leased Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Leased Property or the collection, receipt and application of rents, issues or profits, the Trustee shall be entitled to exercise every right and remedy provided for in the related Master Lease or this Indenture or now or hereafter permitted by law upon occurrence of any Event of Default;

(d) In conformity with Section 311 hereof, exercise all rights of the Issuer in its capacity as lessor under the related Master Lease, including the right to lease all or any part

of the Leased Property in the name and for the account of the Issuer, to collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to the Trustee, its agents and counsel and any charges of the Trustee hereunder, any taxes and assessments and other charges prior to the lien of this Indenture which the Trustee may deem it wise to pay and all expenses and costs of repairs and improvements to the Leased Property as hereinafter described and apply the remainder of the moneys so received in accordance with Section 907 hereof. Upon the occurrence and continuance of an Event of Default hereunder, the Issuer, upon demand of the Trustee, shall forthwith surrender possession of the Leased Property, together with the books and records of the Issuer pertaining thereto, and including the rights to hold, operate and manage the same, and rights from time to time to make all needful repairs and improvements as the Trustee may deem wise; and

(e) Exercise any or all of the remedies available to a secured party under applicable law, with respect to property subject to this Indenture. Without limiting the generality of the foregoing, the Trustee shall have the right to take possession of any personal property or fixtures subject to the lien of this Indenture and to take such other measures as the Trustee may deem as necessary for the care, protection, preservation and marketing of said personal property and fixtures. The Trustee may require the Lessee to assemble any such personal property or fixtures and make the same available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to the Trustee and the Lessee. It is agreed that a commercially reasonable manner of disposition of personal property includes, without limitation, disposition with the real property in the manner provided above.

A judgment requiring a payment of money may be entered against the Lessee by reason of an Event of Default hereunder only as to the liabilities described in paragraph (b) above. Notwithstanding anything set forth in the related Master Lease or herein to the contrary, any Event of Default consisting of a failure by the Lessee to vacate the Financed Property by the expiration of the Initial Term or the Renewal Term during which an Event of Nonappropriation occurs shall not result in any liability for Base Rentals or Additional Rentals allocable to any period other than the period in which the Lessee continues to use, occupy and operate the Financed Property or any portion thereof and to that extent only.

Section 903. Other Remedies. (a) Upon the occurrence of an Event of Default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement herein contained.

(b) Upon the occurrence of an Event of Default, if requested to do so by the owners of at least 25% in aggregate principal amount of Bonds then outstanding and if indemnified to its satisfaction as provided herein, the Trustee shall exercise such one or more of the rights and powers conferred by this Article as the Trustee, upon being advised by counsel, shall deem most expedient

in the interests of the Bondowners; *provided* that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to Section 902 hereof.

Section 904. Appointment of Receivers. Upon the occurrence of an Event of Default hereunder and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Issuer or of the Bondowners under this Indenture, the Trustee, as a matter of right and after at least five (5) days' notice to the Issuer, and without regard to then value of the Leased Property or the interest of the Issuer, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Leased Property, and the Issuer hereby irrevocably consents to such appointment and, to the extent permitted by law, waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of the Trustee in case of entry as provided in Section 902 hereof and shall continue as such and exercise all such powers until the date of confirmation of sale of the Leased Property unless such receivership is sooner terminated.

Section 905. Remedies Not Exclusive. The Trustee shall be entitled to enforce payments and performance of any obligations secured hereby and to exercise all rights and powers under this Indenture or under the Master Lease or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Indenture nor its enforcement whether by court action or other powers herein contained shall prejudice or in any manner affect the Trustee's right to realize upon or enforce any other security now or hereafter held by the Trustee, it being agreed that the Trustee shall be entitled to enforce this Indenture and any other security now or hereafter held by the Trustee in such order and manner as it may in its absolute discretion determine to be in the best interest of the Bondowners. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this Indenture or the Master Lease or to which it 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.

Section 906. Limitation on Remedies. (a) Notwithstanding anything herein to the contrary or in the Deed of Trust, no deficiency judgment upon foreclosure or exercise of other remedies as herein or in the Deed of Trust provided may be entered against the Lessee or the State of Utah or any of its political subdivisions, *provided* that the Lessee shall remain liable to pay Rentals for any period that it uses, occupies and operates the Financed Property, and the Trustee shall be entitled to recover such Rentals from the Lessee as provided in Section 902(b) hereof.

(b) No breach of any covenant or agreement herein or in the Master Lease shall impose any general obligation or liability upon, nor a charge against, the Lessee or the general credit or taxing power of the State of Utah or any of its political subdivisions.

Section 907. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall be deposited in the Bond Fund.

After payment of costs and expenses of foreclosure and liquidation, reletting or sale or suit, if any, and of all proper expenses, liabilities and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Trustee or the owner or owners of the Bonds, and of all amounts advanced by the Trustee with the Initial Purchaser's consent (so long as the Initial Purchaser is a Bondowner) to protect the Leased Property or any of its and the Bondowners' rights with respect thereto, 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:

First, to the payment to the Registered Owners entitled thereto of all installments of interest then due on the Bonds, including interest at the Default Rate, 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 Registered Owners entitled thereto, without any discrimination or privilege; and

Second, to the payment to the Registered Owners entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds at the respective rates specified therein from the respective dates upon which they become 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 first to the payment of such interest ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege; and

Third, to the payment of all other sums secured hereby, including amounts, if any, payable to the United States Treasury pursuant to the Tax Certificate and

Fourth, to the extent permitted by law, to the payment to the Persons other than Bondowners entitled thereto of the unpaid interest on overdue installments of interest ratably, according to the amounts of such interest due on such date, 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 *first* 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 and second to the payment of amounts, if any, payable to the United States Treasury pursuant to the Tax Certificate .

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section 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 subsection (a) of this Section.

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. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Bond 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 dates shall cease to accrue *provided* that the payments are actually made to the Bondowners. 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 owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid, or alternatively, the Registered Owner shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as Exhibit B to the Indenture, that such Bond has been lost, stolen, mutilated or destroyed.

Whenever the principal of, and premium, if any, and interest on, all Bonds have been paid under the provisions of this Section 907 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund, or any other fund established hereunder, shall be paid to the Lessee as provided in Section 409 hereof, except as may be otherwise required by any Tax Certificate.

Notwithstanding anything herein to the contrary, the Trustee shall be entitled to relet the Leased Property in conjunction with or following foreclosure proceedings for such period as is necessary for the Trustee to obtain sufficient moneys to pay the principal of, and premium, if any, and interest on, the Bonds in full, and the obligations of the Trustee with respect to the owners of the Bonds and the receipt and disbursement of funds shall continue until the lien of this Indenture is discharged or foreclosed as herein provided. The termination or expiration of the term of the Master Lease as to the Lessee's possessory rights thereunder, of itself, shall not discharge the lien of this Indenture.

Section 908. Right of Bondowners to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners 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, time and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 909. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit (subject to the provisions of Section 907 hereof) of the owners of then outstanding Bonds.

Section 910. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee, the Lessee and the Bondowners shall be restored to their former positions and rights hereunder respectively with regard to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 911. Waivers of Events of Default. The Trustee may not waive any Event of Default hereunder nor its consequences nor rescind any declaration of maturity of principal of and interest on the Bonds. The Trustee shall only do so upon the written request of the owners of (a) more than 50% in aggregate principal amount of all Bonds then outstanding in respect of which a default exists in the payment of principal and/or premium, if any, and/or interest, or (b) more than 50% in aggregate principal amount of all Bonds then outstanding in the case of any other Event of Default. No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 912. Rights and Remedies of Bondowners. Nothing in this Indenture, the Bonds, the Master Lease or other related documents shall affect or impair the right of any Bondowner to enforce, by action at law or in equity, payment of the principal of, and premium, if any, and interest on, any Bond at and after the maturity thereof, or upon the date fixed for redemption or upon the same being declared due prior to maturity, as herein provided, or the obligation of the Issuer to pay the principal of, and premium, if any, and interest on, each of the Bonds issued hereunder to the respective owners thereof at the time, place, from the source and in the manner expressed herein and in the Bonds.

ARTICLE X

THE TRUSTEE

The Trustee accepts the trusts hereunder and agrees to perform the same, but only upon the terms and conditions hereof, including the following, to all of which the Issuer and the respective owners of the Bonds at any time outstanding by their acceptance thereof agree:

Section 1001. Duties of the Trustee. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture.

Section 1002. Trustee's Liability. No provision of this Indenture shall be construed to relieve the Trustee from liability for its gross negligence or willful misconduct, except that:

(a) the Trustee shall not be liable except for the performance of such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee but the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture;

(b) in the absence of bad faith on the part of the Trustee, the Trustee may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon, any resolution, Officer's Certificate, opinion of counsel, certificate, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgment, verification, appraisal, report or other paper or document believed by the Trustee to be genuine and to have been signed, affixed or presented by the proper party or parties;

(c) in the absence of bad faith on the part of the Trustee, whenever the Trustee, or any of its agents, representatives, experts or counsel, shall consider it necessary or desirable that any matter be proved or established, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate; *provided, however*, that the Trustee, or such agent, representative, Registered Owners, expert or counsel, may require such further and additional evidence and make such further investigation as it or they may consider reasonable;

(d) the Trustee may consult with counsel and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or opinion of counsel;

(e) the Trustee may hire agents and the advice or expertise of such agents shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in good faith and in accordance with such advice or expertise of such agent;

(f) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction or request of the owners of the Bonds, *provided, however*, that the Trustee performs such action taken or omitted to be taken in a complete, accurate and timely manner;

(g) the Trustee shall not be liable for any error of judgment made in good faith by an officer of the Trustee;

(h) the Trustee shall not be deemed to have knowledge of any Event of Default (except an Event of Default under Sections 901(a) or 901(b) hereof) hereunder unless and until the Trustee shall have become aware of an Event of Default or received written advice thereof from the owner of any Bond, the Issuer or the Lessee;

(i) whether or not an Event of Default shall have occurred, the Trustee shall not be under any obligation to take any action under this Indenture which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Indenture, unless and until it is requested in writing so to do by one or more owners of Bonds outstanding hereunder and furnished, from time to time as it may require, with security and indemnity acceptable to the Trustee;

(j) whether or not an Event of Default shall have occurred, whenever it is provided in this Indenture that the Trustee consent to any act or omission by any Person or that the Trustee exercise its discretion in any manner, the Trustee may (but need not) seek the written acquiescence of the owner or owners of at least a majority in aggregate principal amount of the Bonds then outstanding and, unless written evidence of such acquiescence has been received by the Trustee, it shall be fully justified in refusing so to consent or so to exercise its discretion, *provided, however*, the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners of not less than a majority in principal amount of the Bonds from time to time outstanding have the right, upon furnishing to the Trustee such indemnification as the Trustee shall request, by an instrument in writing delivered to the Trustee, to determine which of the remedies herein set forth shall be adopted and to direct the time, method and place of conducting all proceedings to be taken under the provisions of this Indenture for the enforcement thereof or of the Bonds; *provided further*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceedings so directed may not lawfully be taken or would be prejudicial to owners of Bonds not parties to such direction;

(k) the Bondowners shall not have any right to institute any action or proceedings at law or in equity for the execution and enforcement of the trusts hereby created unless, within thirty (30) days after a direction in writing by the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, the Trustee has failed or refused to institute the action on behalf of such Bondowners;

(l) EXCEPT AS OTHERWISE SPECIFIED HEREIN, IN NO EVENT SHALL THE TRUSTEE BE LIABLE TO ANY PARTY OR THIRD PARTY FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOSS OF BUSINESS ARISING UNDER OR IN CONNECTION WITH THIS INDENTURE, EVEN IF PREVIOUSLY INFORMED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM OF ACTION;

(m) the Trustee shall not sell, mortgage, transfer, assign or hypothecate its interest herein or in the Revenues or the Leased Property or any part of any thereof or any interest therein or in any amount to be received by it from the disposition of any of the Leased Property, except as provided herein with respect to the enforcement of its rights and remedies hereunder; and

(n) the Trustee shall not be liable to any party or third party or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason

of force majeure, *provided* the Trustee (i) acted, acts and continues to act with all diligence to perform regardless of the event of force majeure and (ii) provides sufficient evidence of such diligent action(s) to the Initial Purchaser (so long as the Initial Purchaser is a Bondowner).

Section 1003. No Responsibility of Trustee for Recitals. (a) Except for those applicable and related to the Trustee, the recitals and statements contained herein and in the Bonds shall be taken as the recitals and statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same, nor shall the Trustee have any responsibility for or any liability with respect to any disclosure, warranty, representation or concealment or failure to disclose in connection with the offering, solicitation, sale or distribution of the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds secured hereby, the security hereby or thereby afforded, the interest of the Issuer in the Trust Estate or the descriptions thereof, or the filing or recording or registering of this Indenture, or any other document. The Trustee shall not be required to undertake any act or duty to insure or cause the Financed Property or the Leased Property to be insured or to maintain, repair or otherwise take care of any of the Leased Property.

Section 1004. Compensation and Expenses of Trustee; Indemnification. The Trustee shall be entitled to reasonable compensation for its services hereunder (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and to reimbursement for all reasonable expenses incurred hereunder, and as Registrar and Paying Agent, if the Trustee is serving as the same, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its powers and duties hereunder.

The Issuer will indemnify and save the Trustee harmless against any liabilities, not arising from the Trustee's own default or gross negligence or bad faith, which it may incur in the exercise and performance of its rights, powers, trusts, duties and obligations hereunder, but only from lawfully appropriated moneys available for such purpose and payable as Additional Rentals under the Master Lease.

Section 1005. Status of Moneys Received. All moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law or as provided herein, and may be deposited by the Trustee under such general conditions as may be prescribed by law in the Trustee's general banking department, and the Trustee shall be under no liability for interest on any moneys received by it hereunder. The Trustee and any affiliated corporation may become the owner of any Bond secured hereby and be interested in any financial transaction with the Issuer or the Lessee, or the Trustee may act as depositary or otherwise in respect of other securities of the Issuer or the Lessee, all with the same rights which it would have if it were not the Trustee.

Section 1006. Resignation of Trustee. The Trustee may resign and be discharged from the trusts created hereby by delivering sixty (60) days' prior written notice thereof to the Issuer, the

Lessee and all owners of Bonds at the time outstanding. Such resignation shall take effect only upon the appointment of a successor Trustee and the acceptance of such appointment by such successor Trustee.

Section 1007. Removal of Trustee. The Issuer shall, at the written direction of the Lessee or the Initial Purchaser (if the Initial Purchaser is the Owner of any Bonds) shall remove the Trustee by an instrument or instruments in writing executed by the Issuer or the Initial Purchaser and delivered to the Trustee, specifying the removal, *provided* that such removal shall take effect only upon the appointment of a successor Trustee and the acceptance of such appointment by such successor Trustee.

Section 1008. Appointment of Successor Trustee. In case at any time the Trustee shall resign or be removed or become incapable of acting, a successor Trustee may be appointed by the Registered Owner of the Bonds by an instrument or instruments in writing executed by such Bondowners and filed with such successor Trustee, the Issuer and the Lessee.

Until a successor Trustee shall be so appointed by the Bondowners, the Issuer shall appoint a successor Trustee to fill such vacancy, by an instrument in writing executed by the Issuer and delivered to the successor Trustee. If all or substantially all of the Trust Estate shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees for the benefit of creditors may, by an instrument in writing delivered to the successor Trustee, appoint a successor Trustee. Promptly after any such appointment, the Issuer, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof, and to each owner of the Bonds at the time outstanding.

If a successor Trustee shall not be appointed pursuant to this Section within sixty (60) days after a vacancy shall have occurred in the office of the Trustee, the owner of any Bond or such retiring Trustee (unless the retiring Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Trustee.

Section 1009. Succession of Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer, the Registered Owners and the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Trust Estate, and with all the rights, powers, trusts, duties and obligations of the predecessor Trustee in the trust hereunder, with like effect as if originally named as Trustee herein.

Upon the request of any such successor Trustee and at no cost to the Registered Owners, however, the Issuer, the Registered Owners, and the predecessor Trustee shall execute and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee the predecessor Trustee's interest in the Trust Estate and all such rights, powers, trusts, duties and obligations of the predecessor Trustee and the predecessor Trustee shall also assign and deliver to the successor Trustee any Property subject to the lien of this Indenture which may then be in its possession.

Section 1010. Eligibility of Trustee. Every Trustee so provided hereunder shall be a state or national bank or trust company or a corporation with trust powers in good standing organized under the laws of the United States of America or of any state thereof, having a capital, surplus and undivided profits aggregating at least \$10,000,000, if there be such a bank, trust company or corporation willing and able to accept such trust upon reasonable and customary terms.

In case the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 1006 hereof.

Section 1011. Successor Trustee by Merger. Any corporation into which the Trustee may be merged or with which it may be consolidated or converted, or any corporation resulting from any merger, consolidation or conversion to which the Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Trustee as a whole or substantially as a whole, if eligible as provided in Section 1010 hereof, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 1012. Co-Trustees. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Issuer and the Trustee jointly shall have power, and shall execute and deliver all instruments, to appoint one or more persons approved by the Trustee, to act as co-Trustee, or co-Trustees, jointly with the Trustee, or separate trustee or separate trustees, of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such interest in the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable, provided, however, that actions taken pursuant to this Section do not harm the Trust Estate or the Bondowners.

Section 1013. Notice to the Lessee of Investment Earnings; Annual Reports by Trustee; Notice of Estimated Additional Rentals. (a) Not less than thirty (30) days prior to each applicable Base Rental Payment Date, the Trustee shall prepare and mail a statement of account to the Lessee notifying the Lessee of the amounts of investment earnings then held in the Bond Fund and available to be applied as a credit against the Lessee's Base Rentals due on the next succeeding Base Rental Payment Date as provided in Section 4.07 of the Master Lease and the amount of Base Rentals due on such next succeeding Base Rental Payment Date.

(b) The Trustee shall make annual reports to the Issuer and the Lessee of all moneys received and expended by it in such form as shall be agreed on by the Issuer, the Lessee and the Trustee.

(c) Prior to October 1 of each year during the term of the Master Lease, the Trustee shall propose and submit to the Lessee a statement estimating the amount of Additional Rentals set forth in Section 4.01(b)(i), (ii) and (iii) of the Master Lease that are expected to become due during the next succeeding Renewal Term (assuming for this purpose only that the governing body of the Lessee will elect to extend the term of the Master Lease for such Renewal Term), which statement will detail the items constituting such Additional Rentals. With respect to each such statement estimating the amount of Additional Rentals prepared by the Trustee as provided herein, the Trustee shall not be required to make or be deemed to have made any representation that such estimate will be sufficient to pay all Additional Rentals which will become due during the ensuing Renewal Term. In no event shall the Trustee be liable to the Issuer, the Lessee or the owners of the Bonds in connection with any such estimate so long as the Trustee is acting in accordance with the standard specified in Section 1002 hereof.

Section 1014. Designation and Succession of Paying Agents and Registrar; Agreement with Paying Agent. (a) Pursuant to the provisions hereof, the Issuer hereby directs that the Trustee appoints itself as the initial Paying Agent for the Bonds, with its principal corporate trust office in Salt Lake City, Utah. Any bank or trust company with or into which any Paying Agent or Registrar may be merged or consolidated, or to which the assets and business of such Paying Agent or Registrar may be sold, shall be deemed the successor of such Paying Agent or Registrar, respectively, for the purposes of this Indenture. If the position of Paying Agent shall become vacant for any reason, the Issuer shall appoint a bank or trust company that complies with the requirements applicable to the Paying Agent contained herein to fill such vacancy. In addition to any Registrars appointed pursuant to Section 1015 hereof, the Trustee may appoint such Registrars (subject to the provisions of Section 1016 hereof) as it deems appropriate.

The appointment and designation of any Paying Agent, other than the Trustee, shall become effective upon the filing of written notice of such appointment and designation, together with a certified copy of the written acceptance of such appointment and designation, with the Trustee and the Registrar. Any Paying Agent, other than the Trustee, shall designate in writing to the Trustee and the Registrar its principal office for purposes of this Indenture. Any Paying Agent may at any time resign by giving written notice of resignation to the Trustee, the Registrar, the Issuer and the Lessee. The Issuer may terminate the agency of any Paying Agent at any time by giving written notice of termination to such Paying Agent, the Trustee and the Registrar.

The appointment of a Registrar other than the initial appointment of a Registrar under this Indenture shall become effective upon the last to occur of the filing of written notice of such appointment, together with a certified copy of a written acceptance of such appointment, with the Issuer or the giving of a notice of such appointment to all Bondowners. Any Registrar may at any time resign or be removed as provided in Section 1016 hereof.

The Paying Agent and the Registrar shall enjoy the same protective provisions in the performance of their duties hereunder as are specified in Section 1002 hereof with respect to the Trustee insofar as such provisions may be applicable.

The Trustee will cause each Paying Agent, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (a) hold all sums held by it for the payment of principal of, and premium, if any, and interest on, the Bonds, in trust for the benefit of the Bondowners entitled thereto until such sums shall be paid to such Bondowners or otherwise disposed of as herein provided;
- (b) keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Lessee, the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) and the Trustee at all reasonable times; and
- (c) upon the written request of the Trustee, forthwith deliver to the Trustee all sums so held in trust by such Paying Agent.

The Issuer shall cooperate with the Trustee and the Lessee to cause the necessary arrangements to be made and to be thereafter continued whereby funds derived from the sources specified in Sections 403, 404 and 604 hereof will be made available for the payment when due of the principal of, and premium, if any, and interest on, the Bonds as presented at the principal corporate trust office of the Paying Agent or alternatively, the Registered Owner shall provide the Trustee with a written certificate (at no cost or expense to the Registered Owner) and in substantially the form attached as Exhibit B to the Indenture, that the Bonds have been lost, stolen, mutilated or destroyed.

Section 1015. Registrar. Pursuant to the provisions hereof, the Issuer hereby directs that the Trustee appoints itself as the initial Registrar for the Bonds, with its principal corporate trust office in Salt Lake City, Utah. The Issuer shall appoint any other Registrar for the Bonds, subject to the conditions set forth in Section 1016 hereof. Any Registrar, other than the Trustee, shall designate to the Trustee its principal office and signify its acceptance of the duties imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer and the Trustee under which such Registrar will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Trustee, the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) and the Lessee at all reasonable times.

Section 1016. Qualifications of Registrar; Resignation; Removal. The Registrar shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least \$10,000,000 and authorized by law to perform all the duties imposed upon it by this Indenture. The Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by

giving at least sixty (60) days' notice to the Issuer, the Trustee and the Lessee and giving notice to the Bondowners. The Registrar may be removed at any time by an instrument, signed by the Issuer or the Initial Purchaser (if the Initial Purchaser is the Owner of any Bonds), filed with the Registrar and the Trustee.

In the event of the resignation or removal of the Registrar, the Registrar shall deliver any Bonds and the registration books held by it in such capacity to its successor or, if there be no successor, to the Trustee.

In the event that the Issuer shall fail to appoint a Registrar hereunder, or in the event that the Registrar shall resign or be removed, or be dissolved, or if the property or affairs of the Registrar shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Issuer shall not have appointed a successor as Registrar, the Trustee shall *ipso facto* be deemed to be the Registrar for all purposes of this Indenture until the appointment by the Issuer of the successor Registrar.

ARTICLE XI

LIMITATIONS OF LIABILITY

Section 1101. Limitations of Liability of Issuer. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the respective covenants, stipulations, promises, agreements and obligations of the Issuer, and not of any officer, trustee, employee or agent of the Issuer, nor of any incorporator, trustee, employee or agent of the Issuer, in its individual capacity. No recourse shall be had against any such individual, either directly or otherwise under or upon any obligation, covenant, stipulation, promise or agreement contained herein or in any other document executed in connection herewith. Any and all personal liability or obligation, whether in common law or in equity or by reason of statute or constitution or otherwise, of any such person is hereby expressly waived and released by the Bondowners as a condition to and consideration for the issuance of the Bonds and the execution of this Indenture and the Operative Agreements. The Trustee and the Bondowners agree to look solely to the Issuer and the Trust Estate, including the Leased Property and the Revenues, for the payment of said interests or the satisfaction of such liability; *provided, however*, nothing herein contained shall limit, restrict or impair the rights of the Bondowners or the Trustee to exercise all rights and remedies provided under this Indenture or the Master Lease or otherwise realized upon the Trust Estate.

Section 1102. Limitations of Liability of Lessee. Nothing herein shall be construed to require the governing body of the Lessee to appropriate any money for the performance of any obligation hereunder or under the Master Lease. No provision hereof shall be construed or interpreted as creating a general obligation or other indebtedness of the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Master Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments hereunder or under the Master Lease beyond those appropriated for the Lessee's then current Fiscal Year.

ARTICLE XII

SUPPLEMENTAL INDENTURES; WAIVERS

Section 1201. Supplemental Indentures. The Issuer and the Trustee from time to time and at any time with the prior written consent of the Lessee and the Initial Purchaser (if the Initial Purchaser is the Owner of any Bonds), but without the consent of or notice to any other Bondowners and subject to the restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Issuer;

(b) to subject to the lien of this Indenture additional Property and Revenues hereafter acquired by the Issuer and intended to be subjected to the lien of this Indenture and to correct and amplify the description of any Property and Revenues subject to the lien of this Indenture;

(c) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) to cure any ambiguity or cure, correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture as shall not adversely affect the interest of any Bondowner;

(e) to comply with any additional requirements necessary to comply with the Code; or

(f) to authorize the issuance of Additional Bonds, subject to Section 213 hereof;

and the Issuer covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Issuer may, except as otherwise provided in this Indenture, be waived or modified by such supplemental indentures or otherwise.

Section 1202. Waivers and Consents by Bondowners; Supplemental Indentures with Bondowners' Consent. Except as provided in Section 1201 hereof, upon the prior written waiver or consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners of not less than 50% in aggregate principal amount of the Bonds at the time outstanding given as in Section 1407 provided, (a) the Issuer may take any action prohibited, or omit the taking of any action required, by any of the provisions of this Indenture or any indenture supplemental hereto, or (b) the Issuer and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Indenture or of any indenture

supplemental hereto or modifying in any manner the rights and obligations of the owners of the Bonds and the Issuer; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any owner to receive payments or prepayments of the principal of, and premium, if any, and interest on, such owner's Bond, as therein and herein provided, without the consent of such owner, (ii) permit the creation of any Lien with respect to any of the Trust Estate, without the consent of the owners of all the Bonds at the time outstanding, (iii) effect the deprivation of the owner of any Bond of the benefit of the lien of this Indenture upon all or any part of the Trust Estate without the consent of such owner, (iv) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the owners of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the owners of all of the Bonds at the time outstanding or (v) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the owners of all of the Bonds at the time outstanding.

Section 1203. Notice of Supplemental Indentures. Promptly after the execution by the Issuer and the Trustee of any supplemental indenture or agreement pursuant to the provisions of Section 1201 or 1202 hereof, the Trustee shall give a conformed copy thereof to each owner of the Bonds.

Section 1204. Opinion of Counsel Conclusive as to Supplemental Indentures. The Trustee is hereby authorized to join with the Issuer in the execution of any such supplemental indenture authorized or permitted by the terms of this Indenture and to make the further agreements and stipulations which may be therein contained, and the Trustee may receive an opinion of counsel selected by the Trustee (which may be counsel for the Lessee or the Issuer) as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article XII complies with the requirements of this Article XII.

ARTICLE XIII

AMENDMENT OF LEASE

Section 1301. Amendments to Lease Not Requiring Consent of Bondowners. The Issuer and the Lessee may, with the prior written consent of the Trustee and the Initial Purchaser (if the Initial Purchaser is the Owner of any Bonds), but without the consent of or notice to any other Bondowners, consent to any amendment, change or modification of the Master Lease as may be required (a) by the provisions of the Master Lease (including those required by Sections 13.01 and 13.02 thereof) or this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Master Lease; (c) in order to more precisely identify the Leased Property or any portion thereof or to add additional or substituted improvements or properties acquired in accordance with the Master Lease and the Indenture; (d) in connection with any other change in the Master Lease which, in the judgment of the Trustee, is not materially adverse to the Trustee or the Bondowners; (e) for the purposes of complying with additional requirements necessary to comply with the Code or (f) in connection with the issuance of Additional Bonds.

Section 1302. Amendments to Lease Requiring Consent of Bondowners. Except for the amendments, changes or modifications as provided in Section 1301 hereof, neither the Issuer nor

the Trustee shall consent to any other amendment, change or modification of the Master Lease without mailing of notice and the prior written approval or consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) or the owners of not less than 50% in aggregate principal amount of the Bonds at the time outstanding given as in Section 1407 provided. If at any time the Issuer and the Lessee 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 mailed in the same manner as provided by Section 1203 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Bondowners.

ARTICLE XIV

MISCELLANEOUS

Section 1401. Successors and Assigns; Parties in Interest. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Indenture contained by or on behalf of the Issuer or of the Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not; and, other than the Lessee and the Initial Purchaser (so long as the Initial Purchaser is a Bondowner), no other person, firm or corporation shall have any right, remedy or claim under or by reason of this Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Lessee and the Bondowners any legal or equitable right, remedy or claim under or in respect to this Indenture. All covenants, stipulations, promises and agreements in the Indenture contained by or on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee and the Bondowners.

Section 1402. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Indenture shall not render any other provision or provisions herein contained unenforceable or invalid, *provided* that nothing contained in this Section 1402 shall be construed to amend or modify the immunities of the Issuer in its individual capacity provided for in Section 1101 hereof, to amend or modify the immunities of the Lessee provided for in Section 1102 hereof or to amend or modify any limitations or restrictions on the Trustee or any Bondowner or their respective successors or assigns under Article X hereof.

Section 1403. Communications. All communications provided for herein shall be in writing. Communications to the Issuer, the Trustee or the Lessee shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when duly mailed by registered or certified mail addressed as follows:

If to the Issuer:

Local Building Authority of American Fork City, Utah

American Fork, Utah 84003

Attention: President

If to the Trustee:

Zions Bancorporation, National Association, National Association

Salt Lake City, Utah _____

Attention: Corporate Trust Department

If to the Lessee:

American Fork City, Utah

American Fork, Utah 84003

Attention: Mayor

or to the Issuer, the Trustee and the Lessee at such other respective address as the Issuer, the Trustee or the Lessee may designate by notice duly given in accordance with this Section to the other parties. It shall be sufficient service of any notice or other paper on any Bondowner if such notice is given by certified mail. In case by reason of the suspension of registered or certified mail service, it shall be impracticable to give notice by registered or certified mail of any event to the Lessee or the Issuer when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee with the Initial Purchaser's prior written consent (so long as the Initial Purchaser is a Bondowner) shall be deemed to be sufficient giving of such notice.

Section 1404. Counterparts. This Indenture may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Indenture.

Section 1405. Governing Law. This Indenture and the Bonds shall be construed in accordance with and governed by the laws of the State of Utah.

Section 1406. Headings. Any headings or captions preceding the text of the several Articles, Sections and Subsections hereof are intended solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

Section 1407. Consents, etc., of Bondowners. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondowners may be in any number of concurrent documents of similar tenor and may be executed by such Bondowners. Proof of the execution of any such consent, request, direction, approval, objection or other instrument and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive for the Trustee with regard to any action taken by it under such request or other instrument, namely:

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

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Register.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such Person shall be deemed to continue to be the owner of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 1408. Payments Due on Sundays and Holidays. In any case where the date of maturity of principal of the Bonds shall not be a Business Day, then payment of interest on, principal of, or premium, if any, for such Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity, and no interest shall accrue for the period after such date.

Section 1409. Nonsubstitution. If an Event of Nonappropriation has occurred, the Issuer, the Lessee or the City shall not purchase, Acquire, construct, lease or rent buildings or building space for the Issuer's, Lessee's or City's use for functions that are the same as or similar to those functions of the Leased Property until all of the principal of and interest on the Bonds has been paid in full.

Section 1410. Financial Statements of the Lessee. Not later than 180 days after the end of the Lessee's fiscal year, the Issuer shall provide to the Registered Owner(s) of the Bonds audited financial statements of the Lessee prepared by an independent certified public accountant. The Issuer shall also provide to the Registered Owner(s) of the Bonds the Lessee's annual fiscal year budget no later than 30 days after adoption.

Section 1411. Action by the Lessee. Whenever it is herein provided or permitted for any action to be taken by the Lessee, such action may be taken by an Authorized Lessee Representative under the Master Lease unless the context clearly indicates otherwise.

Section 1412. Time Is of the Essence. Time is of the essence in the performance of each provision of this Indenture.

Section 1413. Events of Default. So long as the Bonds remain Outstanding and the Initial Purchaser is a Bondowner, and such Initial Purchaser acts in a commercially reasonable manner: (a) the Initial Purchaser shall have the right to declare, to waive and to deem as cured, an Event of Default of any nature or type, including, but not limited to, financial, non-financial, monetary, non-monetary, payment, technical, non-technical or otherwise, an Event of Default, as such term is defined in the Indenture or the Master Lease; (b) the Trustee may not waive or deem as cured an Event of Default of any nature or type, including, but not limited to, financial, non-financial, monetary, non-monetary, payment, technical, non-technical or otherwise, without the prior written consent of the Initial Purchaser and (c) the occurrence of an Event of Default of any nature or type, including, but not limited to, financial, non-financial, monetary, non-monetary, payment, technical, non-technical or otherwise, shall cause the Bonds to bear interest at the Default Rate until such Event of Default is cured to the satisfaction and consent of the Initial Purchaser.

Section 1414. Collateral Requirements. So long as the Bonds remain Outstanding and the Initial Purchaser is a Bondowner, the Issuer, the Lessee and the City agree to provide at any and all times, including, but not limited to, in the Event of Nonappropriation or Event of Default, access to all improvements parking, easements, rights-of-way, ingress, egress, other access, utilities, etc. as required or deemed necessary by the Initial Purchaser for all additions and improvements financed by the Bonds owned by the Initial Purchaser.

(Signature page follows.)

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be duly executed by its officers thereunto duly authorized, and Zions Bancorporation, National Association, National Association, in evidence of its acceptance of the trusts hereby created, has caused this Indenture to be executed on its behalf by one of its Vice Presidents, all as of the day and year first above written.

ISSUER:

LOCAL BUILDING AUTHORITY OF AMERICAN
FORK CITY, UTAH

By _____
President

ATTEST:

By _____
Secretary

TRUSTEE:

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, NATIONAL ASSOCIATION,
as Trustee

By _____
Vice President

EXHIBIT A

DESCRIPTION OF REAL ESTATE

The tract of land constituting the Real Estate of approximately 12.15 acres is located in Utah County, State of Utah, and is more particularly described as follows:

EXHIBIT B

CERTIFICATE OF LOST, STOLEN, MUTILATED OR DESTROYED BOND

The undersigned, on behalf of _____ (the “*Bondholder*”), in connection with the Local Building Authority of American Fork City, Utah Lease Revenue Bonds, Series 2026 (the “*Series 2026 Bonds*”), hereby certifies and covenants on behalf of the Bondholder as follows:

1. One or more of the Series 2026 Bonds has been lost, stolen, mutilated or destroyed.
2. The Bondholder hereby represents and warrants, as follows: (a) the Series 2026 Bonds have not been endorsed for transfer at any time prior to the date hereof; (b) the Bondholder has not sold or otherwise conveyed the Series 2026 Bonds; and (c) no one other than the Bondholder has or could have any interest in the Series 2026 Bonds.
3. In the unlikely event that anyone were to present the original Series 2026 Bonds as having been obtained for value from the Bondholder and provide sufficient evidence as such, with such evidence verified by Bondholder, the Bondholder agrees to defend and hold harmless the Local Building Authority of American Fork City, Utah and Zions Bancorporation, National Association, National Association, for any losses that either party incurs regarding the replacement of the Series 2026 Bonds.

IN WITNESS WHEREOF, we have hereunto set our hands as of _____, _____.

By _____
Its _____

[FORM OF WRITTEN REQUISITION]

(iii) Each amount requested to be disbursed hereby constitutes Costs of Acquisition of the Project, said amounts are required to be disbursed pursuant to a contract or purchase order entered into therefor by or on behalf of the Lessee, or were necessarily and reasonably incurred, and said amounts are not being paid in advance of the time, if any, fixed for payment;

(iv) No amount set forth in this Written Requisition was included in any requisition previously filed with, and paid by, the Trustee pursuant to Section 408 of the Indenture;

(v) No written notice of any lien, right to lien or attachment upon, or bona fide claim affecting the right to receive payment of, any of the moneys payable under this Written Requisition to any of the persons, firms or corporations named herein has been received or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of this Written Requisition for the payment thereof;

(vi) This Written Requisition does not contain any item representing payment on account of any retained percentage entitled to be retained at the date hereof;

(vii) The Lessee estimates that the amount of moneys which will remain on deposit in the Acquisition Fund after the withdrawal hereby requested is made plus the amount of allowable interest earnings on the amount of moneys remaining in the Acquisition Fund and investment earnings on other funds that will be transferred into the Acquisition Fund will, after payment of the amounts hereby requested, be sufficient to pay all remaining Costs of Acquisition of the Project as estimated by the Lessee as of the date hereof; and

(viii) In the case of increased Costs of Acquisition of the Project, the amount of any such increase has been or is hereupon being deposited with the Trustee.

EXECUTED this _____ day of _____, ____.

AMERICAN FORK CITY, UTAH

By _____
Authorized Lessee Representative

SCHEDULE A

**PAYMENT SCHEDULE
BOND PROCEEDS SUBACCOUNT**

PAYEE

AMOUNT

PURPOSE

WHEN RECORDED PLEASE RETURN TO:

Brandon T. Johnson
Farnsworth Johnson PLLC
180 North University Avenue, Suite 260
Provo, Utah 84601

MASTER LEASE AGREEMENT

DATED AS OF FEBRUARY 1, 2026

BETWEEN

LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH

Lessor,

AND

AMERICAN FORK CITY, UTAH,

Lessee.

As set forth in Sections 4.05 and 11.02(c) hereof, the interest of the Local Building Authority of American Fork City, Utah in this Master Lease Agreement and all Base Rentals and certain other amounts receivable hereunder have been assigned to Zions Bancorporation, National Association, National Association, as Trustee under that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of February 1, 2026, among the Local Building Authority of American Fork City, Utah, Zions Bancorporation, National Association, National Association, as trustee, and Zions Bancorporation, National Association, National Association, as beneficiary and are subject to the lien and security interest of Zions Bancorporation, National Association, National Association, as Trustee.

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but is only for convenience of reference.)

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MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT, dated as of February 1, 2026 (the “*Lease*”), by and between the LOCAL BUILDING AUTHORITY OF AMERICAN FORK CITY, UTAH (the “*Lessor*”), a Utah nonprofit corporation acting as a public entity and instrumentality of the State of Utah, whose mailing address is _____, American Fork, Utah 84003, and AMERICAN FORK CITY, UTAH (the “*Lessee*”), a duly organized and existing body corporate and a political subdivision of the State of Utah, whose mailing address is _____, American Fork, Utah 84003.

WITNESSETH:

WHEREAS, the Lessee desires the Lessor to refinance the loan (the “*Prior Loan*”) used to pay certain costs of the acquisition and construction of improvements to and expansion of a public works facility, Utah, all as more fully described in the hereinafter defined Indenture (the “*Financed Property*”) located on a certain tract of land situated in Utah County, Utah, more particularly described in *Exhibit A* attached hereto (the “*Real Estate*” and, together with the Financed Property, the “*Leased Property*”), pursuant to the Local Building Authority Act, Title 17D, Chapter 2 Utah Code Annotated 1953, as amended (the “*Act*”);

WHEREAS, the Lessee, as owner of marketable fee simple title to the Real Estate, has agreed to lease to the Lessor, and the Lessor has agreed to lease from the Lessee, the Real Estate pursuant to that certain Ground Lease, dated as of the date hereof, between the Lessor and the Lessee;

WHEREAS, the Lessor is willing to lease the Leased Property to the Lessee, and the Lessee desires to lease the Leased Property from the Lessor, upon the terms and conditions and for the purposes set forth herein; and

WHEREAS, the Lessor and the Lessee are empowered to enter into this Lease pursuant to applicable law, including particularly Section 17D-2-401, Utah Code Annotated 1953, as amended;

NOW THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES AND AGREEMENTS HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All words and phrases defined in Article I of the Indenture shall have the same meaning when used in this Lease. In addition, the following words and phrases shall have the following meanings for all purposes of this Lease:

“*Acquisition*” (and other forms of the word “*acquire*”), when used with respect to any portion of the Facilities, shall mean and include, without limitation, the acquisition, construction,

installation, improvement, renovation and extension of the Facilities in accordance with the applicable Project Documents.

“Additional Rentals” shall mean the amount or amounts payable by the Lessee pursuant to Section 4.01(b) hereof.

“Authorized Lessee Representative” shall mean the Mayor, City Manager, Finance Director or City Recorder of the Lessee or any other person or persons designated, by written certificate furnished to the Lessor and the Trustee, as the person or persons authorized to act on behalf of the Lessee. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Mayor, and may designate an alternate or alternates. The Authorized Lessee Representative may, but need not, be an employee of the Lessee.

“Authorized Lessor Representative” shall mean the President or Secretary of the Lessor or any other person or persons designated, by written certificate furnished to the Lessee and the Trustee, as the person or persons authorized to act on behalf of the Lessor. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the Lessor by its President or Secretary and may designate an alternate or alternates. The Authorized Lessor Representative may, but need not, be an employee of the Lessor.

“Base Rental Payment Commencement Date” shall mean _____, the date on which the Lessee becomes obligated to commence payment of Base Rentals hereunder pursuant to Section 4.01(a) hereof, other than advance payments of Base Rentals pursuant to Section 4.01(a) hereof.

“Base Rental Payment Date” shall mean the 15th day of each April and October during the term of the Lease.

“Base Rentals” shall mean the amount or amounts (comprising a principal component and an interest component) payable by the Lessee pursuant to Section 4.01(a) hereof in consideration of the use and enjoyment of the Leased Property during the term of this Lease, on the dates and in the amounts as set forth in the Base Rental Payment Schedule specified in *Schedule I* attached hereto and as such *Schedule I* may be revised hereafter in accordance with Section 605 of the Indenture. In the event of a partial redemption of Bonds or the issuance of Additional Bonds as provided in the Indenture, the Base Rentals are to be recalculated by the Lessor and provided to the Trustee and the Lessee and shall be binding upon the Lessee as more fully set forth in Section 4.01(a) hereof and Section 605 of the Indenture.

“Bond Counsel” shall have the meaning ascribed to it in the Indenture.

“City” means American Fork City, Utah.

“Code” shall have the meaning ascribed to it in the Indenture.

“Council” means the City Council of the Lessee.

“Deed of Trust” means that certain Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of February 1, 2026, among the Issuer, the Trustee, as trustee under the Deed of Trust and the Trustee, as beneficiary under the Deed of Trust.

“Event of Default” shall mean one or more of the events described in Section 15.01 hereof.

“Event of Nonappropriation” shall mean a nonrenewal of the term of the Lease by the Lessee, determined by the failure or refusal of the governing body of the Lessee to appropriate, specifically with respect to the Lease, moneys sufficient (after taking into account any moneys legally available for such purpose) to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in the Lease) for the next succeeding Renewal Term as provided in the Lease or determined by the unavailability of such moneys for such purpose for any other reason. The existence or nonexistence of an Event of Nonappropriation shall be determined as of the date on which the governing body of the Lessee 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 Lease or on any earlier date on which the Trustee receives written notice from the Lessee that the governing body of the Lessee has failed or refused to make such appropriations and the term of the Lease will not be renewed; provided, however, that the Trustee may, with the prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner), waive any Event of Nonappropriation which is cured by the Lessee within a reasonable time. Notwithstanding anything in the Lease to the contrary, the Lessee’s failure or refusal to adopt a final budget in accordance with applicable law on or before June 30 during the term of the 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.

“Facilities” shall mean (i) the Financed Property and (ii) any additional projects Acquired pursuant to this Lease.

“Financed Property” shall have the meaning ascribed to it in the Recitals hereto.

“Fiscal Year” shall have the meaning ascribed to it in the Indenture.

“Ground Lease” shall have the meaning ascribed to it in the Indenture.

“Indenture” shall have the meaning ascribed to it in the Indenture.

“Initial Term” shall have the meaning specified in Section 3.01 hereof.

“Lease” shall mean this Master Lease Agreement, including the *Exhibits* and *Schedules* attached hereto and incorporated herein, and any amendments and supplements hereto as herein and in the Indenture provided.

“Leased Property” shall have the meaning ascribed to it in the Indenture.

“Lessee” shall mean American Fork City, Utah, a duly organized and existing body corporate and a political subdivision of the State of Utah in its capacity as lessee under the Lease.

“Lessee’s Counsel” shall mean the duly appointed attorney of the Lessee or his designee, who regularly or by special appointment represents the Lessee in legal matters.

“Lessor” shall mean the Local Building Authority of American Fork City, Utah, a Utah nonprofit corporation acting as a public entity and instrumentality of the State of Utah performing essential governmental functions on behalf of the Lessee, and any successor to the duties or functions of the Lessor.

“Option Price” shall have the meaning specified in Section 16.01 hereof.

“Permitted Encumbrances” shall mean, as of any particular time, (a) liens for taxes, assessments and other governmental charges not then delinquent; (b) this Lease, the Indenture, the Ground Lease and any financing statements naming the Lessor or the Lessee as debtor and naming the Lessor or the Trustee as secured party now or hereafter filed to perfect the lien and security interests granted by the Indenture, the Deed of Trust and this Lease; (c) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Authorized Lessee Representative certifies to the Trustee, which certification is approved by the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds), will not materially interfere with or impair the operations being conducted in or on the Leased Property (or, if no operations are being conducted therein or thereon, the operations for which the Leased Property was designed or last modified); (d) any mechanic’s, laborer’s, materialmen’s, supplier’s or vendor’s lien or right in respect thereof if payment is not yet due and payable under the contract in question; and (e) any listed items in the title policy described in Section 211(a)(v) of the Indenture.

“Project” acquisition, construction and improvement of a public works facility located in the City.

“Project Contracts” shall mean (a) any contract or contracts between the Lessee (acting in its own capacity with respect to the Acquisition of that portion of the Facilities Acquired prior to the date hereof and in its capacity as the Lessor’s agent pursuant to the Agency Agreement with respect to the Acquisition of any portion of the Facilities to be Acquired after the date hereof) or the Lessor and any Contractor or Contractors and between any Contractor or subcontractor and his immediate subcontractor regarding the Facilities and (b) any other contract or contracts entered into by the Lessee or the Lessor relating to the Acquisition of the Facilities, including without limitation the Ground Lease, a copy of which is or will be on file with the Lessee.

“Project Documents” shall mean (a) the Plans and Specifications, including change orders (if any) as permitted by Section 5.04 hereof; (b) the survey of the Facility Site Building Sites, prepared by a registered land surveyor in accordance with standard requirements for land title surveys, showing the location of all improvements, easements, encroachments and other encumbrances on the Facility Site; (c) any necessary permits for the Project, including any building permits and certificates of occupancy; (d) the Project Contracts and the contract with any project manager for the Project; (e) policies of title, casualty, public liability and workers’ compensation

insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (f) performance and payment bonds with respect to the Project; (g) the executed contract with the architect hired by the Lessee in connection with the preparation of the Plans and Specifications and (h) any and all other documents executed by or furnished to the Lessee or a Contractor in connection with the Project.

“*Renewal Term*” shall have the meaning specified in Section 3.01 hereof.

“*Rentals*” shall mean the total amount of the Base Rentals and the Additional Rentals payable during the Initial Term and each Renewal Term hereunder.

“*Real Estate*” shall have the meaning ascribed to it in the Indenture.

“*Term of the Lease*” or “*term of this Lease*” with respect to the possessory interest of the Lessee shall mean the Initial Term and any Renewal Terms as to which the Lessee exercises its option to renew the term of the Lease as provided in Section 3.01 hereof.

“*Trustee*” shall have the meaning ascribed to it in the Indenture.

ARTICLE II

DEMISE

Section 2.01. Demise of the Leased Property. The Lessor does hereby rent, lease and demise to the Lessee, and the Lessee does hereby take, accept and lease from the Lessor, the Leased Property, subject to Permitted Encumbrances, on the terms and conditions and for the purposes herein set forth, together with all easements, rights and appurtenances in connection therewith or thereto belonging, to have and to hold for the term of the Lease.

ARTICLE III

TERM OF THE LEASE

Section 3.01. Commencement of the Term of the Lease. The initial term of this Lease shall commence as of February 1, 2026, and shall expire at 11:59 p.m. on June 30, 2026 (the “*Initial Term*”), subject to the Lessee’s option to extend the term of this Lease for additional and consecutive one-year renewal terms commencing July 1, 2026, and a final renewal term commencing July 1, _____, and ending _____, _____ (herein referred to individually as the “*Renewal Term*” and collectively as the “*Renewal Terms*”), and subject to Section 3.02 hereof. The terms and conditions of this Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals will be as specified in *Schedule I* attached hereto for each such Renewal Term, as such *Schedule I* may be revised as provided in Section 605 of the Indenture. Each option shall be exercised by the adoption by the governing body of the Lessee, on or prior to June 30 of each year, of a final budget in accordance with applicable law which appropriates, specifically with respect to the Lease, moneys sufficient

(after taking into account any moneys legally available for such purpose which are then on deposit in the Bond Fund) to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01(b) hereof) for the next succeeding Renewal Term as provided herein. The adoption of such final budget, after compliance with the procedures required by applicable law, shall constitute the specified notice within the meaning and for the purposes of Section 17D-2-402 of the Act and automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any officers or officials of the Lessee, including the written notice from the Lessee described in the following three (3) paragraphs.

Within ten (10) days after the adoption of such final budget, the Lessee shall deliver written notice (which notice may be substantially in the form attached hereto as *Exhibit B*) to the Trustee stating that the Lessee has extended the term of this Lease for the succeeding Renewal Term, describing in reasonable detail the actions taken by the governing body of the Lessee (if such actions are then required to pay any Rentals hereunder or, if no such actions are then required, explaining the reasons therefor) to appropriate funds sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01 hereof) to become due during such succeeding Renewal Term. Unless the Trustee shall have previously received the foregoing notice applicable to the next succeeding Renewal Term, the Trustee shall, on or prior to June 10 of each year, make written inquiry of the Lessee as to whether the Lessee has extended the term of this Lease and whether the governing body of the Lessee shall have made the appropriation necessary to pay the Base Rentals and reasonably estimated Additional Rentals to become due during such succeeding Renewal Term.

The Lessee shall deliver written notice to the Trustee as soon as practicable, but in no event later than sixty (60) days prior to the expiration of the Initial Term or the then current Renewal Term, stating (if such is the case) that the governing body of the Lessee has failed or refused to appropriate, specifically with respect to the Lease, moneys sufficient to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term and stating what actions the Lessee and its officials propose to take with respect to the Lease, the Leased Property and any budgetary procedures for any Rentals that may thereafter accrue. Failure to provide this notice does not negate the extension of the term of this Lease so extended via the Lessee's appropriation in an adopted final budget pursuant to the first paragraph of this Section.

In the event the governing body of the Lessee is precluded, pursuant to the provisions of Section 59-2-923, Utah Code Annotated 1953, as amended, from adopting a final budget on or prior to June 22 of any year, the Trustee may waive, with the prior written consent of the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds), an Event of Nonappropriation occurring as a result of the failure to so adopt a final budget, provided that the Trustee receives assurances satisfactory to the Trustee and the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) that the final budget will be adopted on the earliest date allowable under applicable law and will include the appropriation to pay Rentals, and provided further that any Rentals which become due and payable pursuant to the terms of this Lease prior to the adoption of such final budget shall be paid by the Lessee in accordance with the tentative budget adopted by the governing body of the Lessee, as authorized pursuant to Section 59-2-923, Utah Code Annotated 1953, as amended.

Section 3.02. Expiration or Termination of the Term of the Lease. The term of the Lease will expire or terminate, as appropriate, as to the Lessee's right of possession of the Leased Property as described in Section 3.03 hereof upon the first to occur of any of the following events: (a) the expiration of the Initial Term or any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee as herein provided); (b) an Event of Default and a termination of the term of the Lease as to the possessory interest of the Lessee by the Trustee as herein provided; (c) discharge of the Indenture as therein provided; or (d) *provided* all Rentals required hereunder and the Bonds have been paid, _____ 2, _____, which date constitutes the day following the last Bond Principal Payment Date of the final Renewal Term of the Lease; or such later date as all Rentals required hereunder and the Bonds shall be paid. The term of this Lease, including for this purpose all Renewal Terms authorized herein, does not exceed the shorter of (i) the estimated useful life of the Leased Property or (ii) forty (40) years.

Section 3.03. Effect on the Lessee of Expiration or Termination of the Term of the Lease. The expiration or termination of the term of the Lease as to the Lessee's right of possession and use of the Leased Property pursuant to Section 3.02 hereof shall terminate all obligations of the Lessee hereunder (except to the extent that the Lessee incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Lessee's rights of use, occupancy and operation of the Leased Property; *provided, however*, that all other terms of this Lease and the Indenture, including all obligations of the Trustee with respect to the owners of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the Lessee to pay any amounts to the Bondowners and the Trustee hereunder shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease as to the Lessee's right of possession and use pursuant to Section 3.02 hereof, of itself, shall not discharge the lien of the Indenture.

ARTICLE IV

RENTALS PAYABLE

Section 4.01. Rentals Payable. The Lessee shall pay the Base Rentals and the Additional Rentals (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Rentals, except as otherwise expressly provided in Sections 4.01(c), 4.01(d) and 10.01(c) hereof, in which event such moneys shall be applied to the redemption of the Series 2026 Bonds in accordance with Article VI of the Indenture in the amounts, at the times and in the manner set forth therein), said amounts constituting in the aggregate the total of the annual Rentals payable under this Lease, as follows:

(a) *Base Rentals.* The Lessee agrees, subject to the availability of appropriations of funds to it therefor and other moneys legally available for the purpose and subject to the limitations of Section 4.04 hereof, to pay to the Trustee for the account of the Lessor as provided in Section 4.06 hereof during each Renewal Term (i) base rental representing a principal component payable in the respective annual installments and on the respective November 1 of each year as indicated in the Schedule of Base Rental Payments under the column entitled "*Principal Component*" attached hereto as *Schedule I*, and (ii) base rental representing an interest component payable in the

respective installments and on the respective May 1 and November 1 of each year, commencing _____ as indicated in the Schedule of Base Rental Payments under the column entitled "*Interest Component*" attached hereto as *Schedule I*. During the remainder of the term of the Lease, said Base Rentals shall be paid as provided in this Section for the use, occupancy and operation of the Leased Property during each of the succeeding Renewal Terms as to which the Lessee has exercised its option to extend the term of the Lease pursuant to Section 3.01 hereof. The Lessee understands that the Base Rental Payment Schedule attached hereto as *Schedule I* may be revised from time to time based on the redemption of Bonds or the issuance of any Additional Bonds allowed under Section 213 of the Indenture.

(b) *Additional Rentals*. In addition to the Base Rentals hereinabove set forth, and as part of the total Rentals during each Renewal Term during the term of the Lease, the Lessee shall pay on a timely basis to the parties entitled thereto an amount or amounts (the "*Additional Rentals*") for the Renewal Term to which the following items apply or relate, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture and any Tax Certificate;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Bonds for acting as trustee, paying agent and registrar as provided in the Indenture, including but not limited to those payable pursuant to Section 1004 of the Indenture, and any amount payable as indemnification pursuant to the last paragraph of Section 1004 of the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered by it and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the reasonable fees and out-of-pocket expenses of the Lessor relating to the Leased Property not otherwise required to be paid by the Lessee under the terms of this Lease;

(v) the costs of maintenance, operation and repair with respect to the Leased Property and utility charges as required under Article VI hereof and any costs to repair, rebuild or replace the Leased Property as required in Section 10.01 hereof;

(vi) the costs of casualty, public liability, property damage and workers' compensation insurance as required under Article VII hereof and the costs related to any self-insurance carried or required to be carried by the Lessee as provided in Section 7.01(c) hereof;

(vii) the costs of taxes and governmental charges and assessments as required under Article VIII hereof;

(viii) 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

(however denominated), if any shall ever become due, levied, assessed or imposed by the State of Utah or any political subdivision thereof upon the Base Rentals payable hereunder or upon the Leased Property or any of the Revenues;

(ix) any amount of interest, fine, fee or penalty required to be paid on any of the foregoing items as a result of the Lessee's failure to pay any such items when due, as required by Section 4.06 hereof, or any amount of interest required to be paid pursuant to Section 4.10 hereof; and

(x) any additional payment required to be made pursuant to any Tax Certificate.

Prior to April 1 of each year during the term of the Lease, the Trustee will, in accordance with Section 1013(c) of the Indenture, provide a statement to the Lessee of the amount of the estimated Additional Rentals required pursuant to Section 4.01(b)(i), (ii) and (iii) hereof that are expected to become due during the next succeeding Renewal Term if the governing body of the Lessee elects to extend the term of the Lease for such Renewal Term as provided herein.

(c) *Deposit into the Bond Fund.* The Lessee hereby agrees to deposit into the Bond Fund any amounts required to be deposited therein pursuant to Section 403 of the Indenture, subject to the terms and provisions of said Section 403.

(d) *Prepayment of Base Rentals and Partial Redemption of Series 2026 Bonds.* There is hereby expressly reserved to the Lessee the right, and the Lessee is hereby authorized, to prepay Base Rentals in addition to the Base Rentals otherwise payable hereunder solely for the purpose of redeeming the Series 2026 Bonds pursuant to Article VI of the Indenture. Such additional Base Rentals shall be deposited into the Redemption Fund and applied to the redemption of the Series 2026 Bonds in part in the manner and to the extent provided in Article VI of the Indenture.

(e) *Notice of Nonpayment of Base Rentals.* The Trustee has agreed in Section 406(a) of the Indenture to notify the Lessee as soon as practicable, but in no event later than five (5) days after the applicable Base Rental Payment Date, in the event any Base Rentals or portion thereof are not paid when due on the applicable Base Rental Payment Date.

Section 4.02. Consideration. The payments of Base Rentals and Additional Rentals hereunder for each Renewal Term during the term of the Lease shall constitute the total Rentals which are payable for said Renewal Term and shall be paid by the Lessee for and in consideration of the right of use, occupancy and operation of the Leased Property and the continued quiet use and enjoyment of the Leased Property for and during said Renewal Term. The parties hereto have agreed and determined that such total Rentals represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the costs of financing the Acquisition of the Project, the uses and purposes which will be served by the Leased Property and the benefits therefrom which will accrue to the parties to the Lease and the general public by reason of the Leased Property. Base Rentals due on any May 1 will be in consideration of the right of use, occupancy and operation of the Leased Property by the Lessee from the immediately preceding January 1 through the immediately succeeding June 30, and Base Rentals due on any November 1 will be in consideration of the right of use, occupancy and operation of the Leased

Property by the Lessee from the immediately preceding July 1 through the immediately succeeding December 31.

Section 4.03. Covenant to Request Appropriations. (a) During the term of the Lease, the Lessee covenants and agrees (i) to include in its annual tentative budget prepared by the appropriate officials acting on behalf of the Lessee in accordance with applicable law an item for expenditure of an amount necessary (after taking into account any moneys then legally available for such purpose which are then on deposit in the Bond Fund to pay the Base Rentals and reasonably estimated Additional Rentals (calculated as provided in Section 4.01(b) hereof)) for the Leased Property during the next succeeding Renewal Term, and (ii) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the governing body of the Lessee for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term. The first such inclusion in the Lessee's annual tentative budget shall be made under applicable law with respect to the tentative budget applicable to the Fiscal Year in which the Base Rental Payment Commencement Date occurs so that the Base Rentals payable on such Base Rental Payment Commencement Date and during the Renewal Term in which such Date occurs 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 Lessee shall be made in each Fiscal Year thereafter so that the Base Rentals to be paid during the Renewal Term during such Fiscal Year and Additional Rentals payable during such Renewal Term will be available for such purposes as long as the governing body of the Lessee determines to approve such amount in the final budget as adopted.

(b) To effect the covenants set forth in Section 4.03(a) hereof, the Lessee hereby directs the City Manager of the City 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 Lessee, in any year in which the Lease is in effect, items for all payments required for the ensuing Renewal Term under the Lease. It is hereby expressed as the intention of the Lessee that the decision to renew or not to renew the term of the Lease is to be made solely by the governing body of the Lessee at the time it considers for adoption the final budget for each of its Fiscal Years and corresponding Renewal Terms under the Lease, and not by any official of the Lessee, acting in his or her individual capacity as such. In this connection, the Lessee hereby covenants and agrees that such budget officer or other officer shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Rentals without the express prior approval of the governing body of the Lessee. For any Term of the Lease, once Rentals are appropriated in the Lessee's final adopted Fiscal Year budget, the Lessee shall not decrease or reduce such Rentals appropriation in a later modification of such final adopted Fiscal Year budget.

Section 4.04. Limitations on Liability. (a) Nothing herein shall be construed to require the governing body of the Lessee to appropriate any money to pay any Rentals hereunder. If the Lessee fails to pay any portion of the Rentals which are due hereunder or an Event of Default hereunder or an Event of Nonappropriation occurs, the Lessee shall immediately (but in no event earlier than the expiration of the Initial Term or the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term,

in the case of an Event of Nonappropriation) quit and vacate the Leased Property in accordance with the schedule therefor provided by the Lessee to the Trustee in accordance with Section 4.09(b) hereof, and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon cease, it being understood between the parties that neither the State of Utah nor any political subdivision thereof, except the Lessee as provided herein, is obligated to pay any Rentals due to the Lessor hereunder. Should the Lessee fail to pay any portion of the required Rentals and then fail immediately to quit and vacate the Leased Property to the extent required, the Trustee in accordance with the Indenture may immediately bring legal action to evict the Lessee from the Financed Property and commence proceedings to foreclose the lien of the Indenture pursuant to the Indenture. The Lessee hereby agrees to pay as damages for its failure immediately to quit and vacate the Leased Property upon termination of the Initial Term or the then current Renewal Term, as the case may be, of the Lease in violation of the terms hereof and Section 17D-2-405 of the Act an amount equal to the Base Rentals otherwise payable during such period prorated on a daily basis and any reasonable Additional Rentals attributable to such period on the basis of the services provided. No judgment may be entered against the State of Utah or any political subdivision of the State of Utah for failure to pay any Rentals hereunder, except to the extent that the Lessee has theretofore incurred liability to pay any such Rentals through its actual use, occupancy and operation of the Leased Property, or through its exercise of an option that renews the Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to pay such Rentals pursuant to this Lease.

(b) The Rentals constitute current expenses of the Lessee, and the Lessee's obligations hereunder are from year to year only and do not constitute a mandatory payment obligation of the Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision hereof shall be construed or interpreted as creating a general obligation or other indebtedness of the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments hereunder beyond those appropriated for the Lessee's then current Fiscal Year and to the extent that the Lessee has incurred liability to pay any such Rentals through its actual use, occupancy and operation of the Leased Property, or is otherwise obligated to pay such Rentals pursuant to this Lease; *provided, however*, that nothing herein shall be construed to limit the rights of the Bondowners or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture.

(c) No obligation assumed by or imposed upon the Lessor hereunder shall require the performance of any act by the Lessor except to the extent, if any, that the cost and expense of such performance may be provided for from the proceeds of sale of the Bonds or paid by the Lessee hereunder as Additional Rental. Failure of the Lessor to perform any such act shall not entitle the Lessee to terminate the Lease.

Section 4.05. Base Rentals Assigned; Unconditional Obligation. It is understood and agreed that all Base Rentals payable under Section 4.01(a) hereof are assigned to the Trustee for the benefit of the Bondowners pursuant to the Indenture. The Lessee assents to such assignment. The Lessee hereby agrees that its obligation to pay the Base Rentals and Additional Rentals from legally available funds appropriated for such purpose (a) shall be absolute and unconditional, (b)

except as expressly herein provided, shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Lessor of any obligation to the Lessee, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Lessee by the Lessor and (c) shall not terminate or abate as a result of destruction of or damage to the Leased Property, condemnation of all or part of the Leased Property, defective title in or to any part of the Leased Property or failure of consideration. Notwithstanding any dispute between the Lessee and the Lessor hereunder, the Lessee shall pay all Base Rentals when due and shall not withhold payment of any Base Rentals pending the final resolution of such dispute. In the event of a determination that the Lessee was not liable for payment of such Base Rentals or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent payments of Base Rentals due hereunder or, at the direction of the Lessee, delivered to the Lessee, *provided, however*, that such action shall not permit or result in Base Rentals or moneys in the Bond Fund to be insufficient to pay when due principal of and interest on the Bonds.

Section 4.06. Payment. Each Base Rental payment shall be paid in lawful money of the United States of America, in funds which shall be immediately available on the Base Rental Payment Date on which they are due. Each Base Rental payment shall be paid at the principal corporate trust office of the Trustee in Salt Lake City, Utah, or at such other place or places as may be set forth in the Indenture. Each Additional Rental payment shall be paid in lawful money of the United States of America at the appropriate office as designated by the respective payees entitled to receive such Additional Rental. Each Base Rental payment and each Additional Rental payment which is not paid when due shall bear interest at the lesser of the rate of eighteen percent (18%) per annum or the maximum rate permitted by law from the date on which the Base Rental payment or Additional Rental payment, as the case may be, becomes due until the same is paid.

Section 4.07. Credit on Base Rentals. (a) There shall be credited against Base Rentals (i) any amount held in the Bond Fund on each Base Rental Payment Date next preceding each respective Bond Interest Payment Date, including earnings derived from the investment of funds held in the Bond Fund available for such purpose; (ii) on the Base Rental Payment Date next preceding the Bond Principal Payment Date on which the final maturity of principal of the Bonds is to be paid, any amount to be transferred into the Bond Fund in accordance with Section 413(b) of the Indenture; and (iii) any amount to be so credited as provided in Section 4.05 hereof.

(b) If at any time the aggregate moneys available under the Indenture for payment of the principal of, and premium, if any, and interest on, the Bonds and all other expenses to be paid by the Lessee as Additional Rentals under the Indenture shall be sufficient to pay in accordance with the provisions of the Indenture all of the Bonds at the time outstanding and to pay all such expenses (including the fees and charges of the Trustee and any paying agent and registrar and the expenses of the Lessor due or to become due through the date on which the last of the Bonds is to be paid or redeemed), and to pay any other monetary obligations of the Lessee hereunder, and if the Lessee is not at the time otherwise in default on any obligation hereunder, the Lessee shall be entitled to use, occupy and operate the Leased Property from the date on which such aggregate moneys are deposited with the Trustee during the remainder of the term of this Lease without further payment of any Rentals during that interval (but otherwise on the terms and conditions hereof), and any moneys in the funds and accounts created by the Indenture which are in excess of the amounts required to pay the Bonds in accordance with the provisions of the Indenture and to pay all costs,

fees, charges and expenses shall be refunded to the Lessee upon payment (or provision for payment) in full of the Bonds as provided in the Indenture, except as otherwise required by the Indenture or any Tax Certificate. If Bonds are to be paid prior to maturity, this Section 4.07(b) is subject to the condition that said Bonds shall have been properly called for redemption under the Indenture and the required notice of redemption shall have been given or provision for the giving of such notice shall have been made to the satisfaction of the Trustee, and the necessary moneys or Government Obligations (as such term is defined in Article VII of the Indenture) properly deposited, all as required by the Indenture.

Section 4.08. Application of Base Rentals. All Base Rentals shall be paid to the Trustee for application in accordance with the Indenture.

Section 4.09. Nonappropriation. (a) In the event that sufficient funds (i) are not appropriated by the governing body of the Lessee prior to the beginning of any Renewal Term for the payment of the Base Rentals on the Base Rental Payment Dates and reasonably estimated Additional Rentals (determined as provided in Section 1013(c) of the Indenture) payable during such Renewal Term, or (ii) are otherwise not legally available for such purpose (other than amounts on deposit in funds held under the Indenture), then an Event of Nonappropriation shall be deemed to have occurred; *provided, however,* that (x) the Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives an Officer's Certificate from an Authorized Lessee Representative to the effect that the governing body of the Lessee has determined by official action not to renew the term of the Lease for the next succeeding Renewal Term and (y) absent receipt of such Officer's Certificate and if an Event of Nonappropriation has otherwise occurred as provided above in this Section 4.09, the Trustee shall give written notice to the Lessee of any Event of Nonappropriation on or before June 22 next succeeding the expiration of the term of the Lease or such earlier date as the Trustee determines to be in the best interest of the Bondowners, but any failure of the Trustee to give such written notice to the Lessee will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action that would otherwise be available to the Trustee hereunder or under the Indenture. An Event of Nonappropriation shall also be deemed to have occurred (subject to waiver by the Trustee as hereinafter described) if, during the Initial Term or any Renewal Term, any Additional Rentals shall become due which were not included in the Lessee's final budget adopted by the governing body of the Lessee, or which exceed the amount included in such budget, and funds are not legally available (including funds legally available for such purpose under the Indenture) to the Lessee to pay such Additional Rentals by the earlier of June 30 of the then current Renewal Term or ninety (90) days after the date on which such Additional Rentals are due. The Trustee may waive with the prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) any Event of Nonappropriation which is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the owners of the Bonds; *provided, however,* that after June 30 of each year during the term of the Lease the Trustee shall not waive any Event of Nonappropriation which results from sufficient funds not being appropriated by the governing body of the Lessee for the payment of the Base Rentals that would be payable during the next succeeding Renewal Term unless the Trustee has reason to believe that appropriate officials of the Lessee are diligently pursuing appropriations by the governing body of the Lessee to pay such Base Rentals on a timely basis and that a delay in declaring an Event of Nonappropriation, under the circumstances, is in the best interests of the owners of the Bonds;

such delay may be made only upon prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner). If an Event of Nonappropriation shall occur, the Lessee shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for herein beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Lessee's obligation to pay Rentals which are payable prior to the termination of the Lease; *provided, however*, that the Lessee shall continue to be liable for the amounts payable pursuant to Section 4.04(a) hereof during such time when the Lessee continues to use, occupy or operate the Leased Property. The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the owners of the Bonds and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of this Lease as to the Lessee's possessory interests hereunder by reason of an Event of Nonappropriation as provided herein shall be held by the Trustee under the Indenture for the benefit of the owners of the Bonds as set forth in the Indenture until the principal of, and premium (if any) and interest on, the Bonds are paid in full and any excess shall thereafter be paid to the Lessee as provided in Section 4.11 of the Indenture.

(b) The parties hereto agree that, upon the occurrence of an Event of Nonappropriation (which is not waived) or an Event of Default (which is not waived), the Lessee shall have all responsibility for vacating the Leased Property and shall vacate the Leased Property immediately following such occurrence and shall pay the cost to repair, remove or improve any alteration, addition or improvement made by the Lessee that has the effect of reducing or otherwise adversely affecting the value of the Leased Property or the fair rental value thereof or materially altering or changing the character or use of the Leased Property. Within ten (10) days after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee shall provide the Trustee with a timetable for vacating the Leased Property, which timetable shall provide that the Lessee complete vacating the Leased Property within thirty (30) days from the Event of Nonappropriation.

(c) If an Event of Nonappropriation has occurred or will occur, the Lessee shall provide notice thereof to the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) within five (5) days thereafter.

Section 4.10. Advances by the Trustee. If the Lessee fails to pay any Additional Rentals required by this Lease, the Trustee may (but shall be under no obligation to) pay such Additional Rentals, which Additional Rentals, together with interest thereon at the lesser of the rate of ten percent (10%) per annum or the maximum rate permitted by law, are to be reimbursed to the Trustee by the Lessee upon demand therefor, subject to the availability of sufficient legally available funds for such purpose.

Section 4.11. Lease Not to Constitute "True" Lease. It is the intention of the parties hereto that this Lease not constitute a "true" lease for federal income tax purposes and, therefore, it is the intention of the parties hereto that the Lessee be considered the owner of the Leased Property for federal income tax purposes, but not for Utah law purposes relating to title and other matters as herein provided.

ARTICLE V

ACQUISITION AND FINANCING OF THE FACILITIES

Section 5.01. Acquisition of the Project. (a) The Lessor shall Acquire or cause to be Acquired the Facilities, all in accordance with the applicable Project Documents. For this purpose, the Lessor has entered into (i) the Ground Lease with the Lessee, and (ii) the Agency Agreement with the Lessee, as the Lessor's agent. A Project Contract or Project Contracts for the Project either has been or shall be awarded to a contractor or contractors licensed under the laws of the State of Utah, and such Project Contract or Project Contracts shall be awarded after such public bidding and following such procedures as the Lessee (in its capacity as the Lessor's agent pursuant to the Agency Agreement) has determined to be in the best interests of the Lessee for the Project on a timely and cost effective basis; *provided, however*, that nothing herein shall be construed to impose a public bidding requirement on letting any such Project Contract or Contracts in reliance on Section 17D-2-108(2) of the Act. The Lessor or its agent for this purpose shall require the contractor or contractors who are or have been awarded the Project Contract or Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Lessor or such agent conditioned upon final completion of the Project as expeditiously as reasonably possible from the date of execution of this Lease and also conditioned upon delivery of possession of the Leased Property to the Lessee free and clear of all liens and encumbrances, except taxes, liens and encumbrances on the Lessor's interest in the Leased Property, and easements and restrictions in the record title accepted by the Lessee. Any proceeds from any such bond shall be transferred to the Trustee for deposit as provided in Section 5.05(f) hereof. Such bonds shall be made payable to the Trustee, shall be executed by a corporate surety licensed to transact business in the State of Utah and acceptable to the Lessee, and shall be in an amount equal to the contract price for such contractor's or subcontractor's Project Contract. If, at any time during Acquisition of the Project, the surety on such bond or bonds shall be disqualified from doing business within the State of Utah, or shall otherwise become incapable (in the judgment of the Trustee or the Lessee) of performing its obligations under such bond, an alternate surety acceptable to the Lessee shall be selected. In the event of any change order in accordance with Section 5.04 hereof resulting in the performance of additional work in connection with the Project, the amounts of such bonds pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Leased Property. If any payments on a contract with a private contractor to do work on the Leased Property is retained or withheld, such payments shall be placed in an interest bearing account and the interest thereon shall accrue for the benefit of such contractor and subcontractors to be paid after the Project are completed and the Leased Property is accepted by the Lessee; *provided, however*, that neither the Lessor nor its agent for this purpose, the Lessee, shall have any responsibility to distribute the interest on such retainage to the subcontractors, it being solely the responsibility of the contractor to ensure that any interest accrued on such retainage is distributed by the contractor to the subcontractors on a pro rata basis. Any Project Contracts hereafter entered into by the Lessee with respect to the Project shall comply with the provisions of this Section 5.01(a), but notwithstanding anything herein to the contrary any Project Contracts heretofore entered into by the Lessee with respect to the Project shall not be required to be modified to comply with the provisions of this Section 5.01(a).

(b) If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate pursuant to Section 409 of the Indenture, the moneys remaining in the Construction Fund may be utilized by the Trustee to complete the Acquisition of the Project or, upon termination of the term of the Lease as to the possessory interest of the Lessee, may be disbursed as provided in the Indenture.

(c) The Lessee hereby covenants, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the Acquisition of the Project as herein required, or to make certain design changes in the Project (so long as such changes do not cause the Leased Property to be used for purposes other than lawful governmental purposes of the Lessee) to the extent necessary to complete the Acquisition of the Project with moneys then available for such purposes in the Acquisition Fund.

(d) The Lessee hereby agrees that in order to effectuate the purposes of this Lease it will make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for completing the Acquisition of the Project as herein provided.

Section 5.02. Compliance with State Handicap Code. Within the meaning of Title 26, Chapter 29, Utah Code Annotated 1953, as amended, the Facilities will be Acquired in compliance with the current edition of planning and design criteria promulgated by the State Building Board so as to be accessible to, and functional for, the physically handicapped.

Section 5.03. Reimbursements to Lessee. The Lessee may be reimbursed from the Acquisition Fund for Costs of Acquisition incurred or payments made by advances or otherwise by the Lessee, but only by complying with the disbursement procedures set forth in the Indenture.

Section 5.04. Change Orders. Changes in the work on the Facilities during Acquisition may be ordered in accordance with a procedure to be established by the Lessee in its capacity as agent pursuant to the Agency Agreement; *provided, however,* that unless sufficient additional funds are deposited by the Lessee into a designated account in the Acquisition Fund (a) the cost of the Facilities shall not exceed that which is established at the time when the Series 2026 Bonds are initially issued by the Lessor, and (b) the cost of change orders shall not exceed the amount then available therefor in the Acquisition Fund, provided that the Acquisition of the Facilities is then on budget with the amount initially determined as needed to complete the Acquisition of the Facilities. Any moneys remaining in the Acquisition Fund after completion of the Acquisition of the Project shall be applied by the Trustee as provided in Section 409 of the Indenture.

Section 5.05. Remedies Against Contractors. The Lessee shall proceed promptly, either separately or in conjunction with others, to pursue diligently its remedies against any Contractor or subcontractor which is in default under any of the Project Contracts and/or against each surety on any bond securing the performance of such Project Contract. The Net Proceeds recovered by way of the foregoing, after reimbursement to the Lessee for any unreimbursed expenditure of the Lessee for correcting or remedying such default, will be paid into an appropriately designated account in the Acquisition Fund if received before the Completion Date or, if received thereafter, into the Insurance Fund to be applied as provided in Section 413 of the Indenture.

Section 5.06. Financing the Acquisition of the Project. (a) For the purpose of paying the Costs of Acquisition with respect to the Project and paying the Costs of Issuance, the Lessor shall cause the Series 2026 Bonds to be issued pursuant to the Indenture and shall cause the proceeds from the sale thereof to be deposited with the Trustee in the Acquisition Fund and applied as provided in the Indenture.

(b) The Lessor may from time to time authorize the issuance of Additional Bonds in any amount upon the terms and conditions provided in the Indenture. Additional Bonds shall be issued to provide funds to pay one or more of the following: (i) the costs of completing Acquisition of the Project; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes (hereinafter in this paragraph collectively called the “*improvements*”) in, on or to the Leased Property as the Lessee may deem necessary or desirable or reduce the fair rental value of the Leased Property and including any repairing, restoring, modifying, improving or replacing pursuant to Section 10.01 hereof to the extent that such costs exceed the insurance or condemnation proceeds out of which such costs are to be paid pursuant to Section 10.01 hereof; (iii) the costs of acquiring, constructing, improving or extending any additional sites, buildings and equipment, or any combination thereof, for the use and benefit of the Lessee, but only to the extent that (I) such additional sites, buildings and equipment, or any combination thereof, constitute a “project” within the meaning of the Act and (II) this Lease is amended as herein provided to include such sites, buildings and equipment as Leased Property hereunder; (iv) to refund a Series of Bonds; (v) the costs of the issuance and sale of the Additional Bonds; (vi) interest during the estimated period of acquisition and construction and for a period of up to twelve (12) months thereafter and (vii) any combination of such purposes. Any such improvements shall become a part of the Leased Property and shall be included under this Lease to the same extent as if originally included hereunder.

(c) If the Lessee is not in default hereunder, the Lessor (in its capacity as Lessor under the Indenture) will, on request of the Lessee, from time to time, use its best efforts to issue the amount of Additional Bonds specified by the Lessee; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the governing body of the Lessee prior to the issuance thereof; and provided further that the Lessee and the Lessor shall have entered into an amendment to this Lease to provide for additional Base Rental in an amount at least sufficient to pay principal of and interest on the Additional Bonds when due and the Lessor shall have otherwise complied with the provisions of Section 213 of the Indenture with respect to the issuance of such Additional Bonds.

Section 5.07. Disbursements from the Acquisition Fund; Establishment of Completion Date. (a) The Lessor has, in the Indenture, authorized and directed the Trustee to make payments from the Acquisition Fund to pay the Costs of Acquisition or to reimburse the Lessee for any Costs of Acquisition paid by the Lessee; *provided, however*, that any such disbursement shall only be made after satisfaction of the conditions for any such disbursement as provided in the Indenture, including the delivery of written requisitions in accordance with Section 408(b) of the Indenture. The Lessee hereby agrees to deliver such written requisitions to the Trustee as may be necessary to effect disbursements from the Acquisition Fund in accordance herewith and with the Indenture.

(b) The Lessee hereby agrees to deliver to the Trustee upon acceptance of the Leased Property the Completion Certificate (together with the Certificates of Substantial Completion to be attached thereto) required by Section 409 of the Indenture. The Lessee shall be entitled to direct the Trustee as to the disposition of certain moneys remaining in the Acquisition Fund on the date of delivery of the Completion Certificate for the purposes as provided in Section 409 of the Indenture.

(c) In approving any written requisition delivered in accordance with Section 408(b) of the Indenture, the Trustee may rely as to the completeness and accuracy of all statements in any and all such written requisitions, and the Lessee hereby covenants and agrees to indemnify and save harmless the Trustee from any liability incurred in connection with any written requisition so approved, but only from moneys duly appropriated and legally available for such purpose.

Section 5.08. Investment of Bond Fund, Insurance Fund and Acquisition Fund. Any moneys held as a part of the Bond Fund, the Insurance Fund, the Redemption Fund, the Acquisition Fund or any other fund or account created pursuant to the Indenture shall be invested or reinvested by the Trustee from time to time, but only at the request of and as directed by an Authorized Lessee Representative or otherwise, in accordance with the provisions of Article V of the Indenture; *provided, however*, that no investment shall be made of any funds which would violate the covenant set forth in any Tax Certificate.

ARTICLE VI

MAINTENANCE AND OPERATION

Section 6.01. Maintenance and Operation. (a) The Lessee shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, ordinary wear and tear excepted. The Lessee shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating and water, and all other public utility services.

(b) It is understood and agreed that in consideration of the payment by the Lessee of the Rentals herein provided for, the Lessor is only obligated to provide the Leased Property in the manner, at the times and to the extent herein provided, and neither the Lessor, the Trustee nor any owner of any Bond shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the term of the Lease. The Lessee shall keep the Leased Property and any and all improvements thereto free and clear of all liens, charges and encumbrances, except Permitted Encumbrances.

Section 6.02. Care of the Leased Property. (a) The Lessee shall take good care of the Leased Property, fixtures and appurtenances, and suffer no waste or injury thereto, ordinary wear and tear excepted. The Lessee shall pay for all damage to the Leased Property, its fixtures and appurtenances due to any act or omission or cause whatsoever.

(b) The Lessee shall not place a load upon any floor of the Leased Property exceeding the floor load per square foot area which such floor was designed to carry and which may be allowed by law.

(c) There shall be no allowance to the Lessee for a diminution in or abatement of Rentals and no liability on the part of the Lessor by reason of inconvenience, annoyance or injury to government operations arising or resulting from the Lessor, the Lessee or others making repairs, alterations, additions or improvements in or to any portion of the Leased Property, or in or to fixtures, appurtenances or equipment thereof, and no liability upon the Lessor or allowance for a diminution in or abatement of Rentals for failure of the Lessor or others to make any repairs, alterations, additions or improvements in or to any portion of the Leased Property, or in or to the fixtures, appurtenances or equipment thereof. The foregoing shall not be construed to mean that the Lessor has any such obligations.

(d) The Lessor shall not be liable for, and there shall be no diminution in or abatement of Rentals for, any loss or damage to the Leased Property caused by vermin, rain, snow, liquids and semi-liquids or from storms that may leak into or flow from any part of the Leased Property through any defects in its roof, walls, windows, ceilings, plumbing or from any other source, or caused by any latent defect in the Leased Property or its equipment.

(e) The Lessee's taking possession of the Leased Property or any portion thereof shall be conclusive evidence against the Lessee that the Leased Property or such portion thereof was in good order and satisfactory condition when the Lessee took possession thereof and that all work to be done on the Financed Property or such portion thereof pursuant to the terms hereof, if any, has been completed to the Lessee's satisfaction; *provided, however*, that the Lessee's taking possession as herein provided shall be without prejudice to any rights against third parties which exist at the date of taking such possession or which may subsequently come into being. No promise of the Lessor to alter, remove, improve or clean the Leased Property and no representation respecting the condition of the Leased Property have been made by the Lessor to the Lessee.

Section 6.03. Loss and Damage. All of the Lessee's personal property of any kind that may be on or about the Leased Property or placed in the custody of any of the Lessee's employees or agents shall be held at the sole risk of the Lessee, and neither the Lessor, the Trustee nor any Bondowner shall have any liability to the Lessee for any theft or loss thereof or damage thereto from any cause whatsoever.

ARTICLE VII

INSURANCE PROVISIONS

Section 7.01. Insurance. (a) The Lessee shall at all times maintain or cause to be maintained with responsible insurers all such insurance on the Leased Property (valued as defined below) which is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties. Notwithstanding the generality of the foregoing, the Lessee shall not be required to maintain or cause to be maintained any insurance which is not available from reputable insurers on the open market, except as required by Section 7.01(c) hereof, or more insurance than is specifically referred to below.

The Lessee shall during any period of Acquisition of the Project and thereafter so long as the Lessee has possession of the Leased Property:

(i) Keep or cause to be kept a policy or policies of insurance against loss or damage to the Leased Property resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as “extended coverage” and other perils as the Lessee may determine should be insured against on forms and in amounts satisfactory to each. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee. Such extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be maintained in an amount not less than the principal amount of the then outstanding Bonds or the full insurable value of the Leased Property (such value to include amounts spent for Acquisition of the Project and architectural, engineering, legal and administrative fees, inspection and supervision but excluding value attributable to the Facility Site), whichever amount is greater, subject to deductible conditions for any loss not to exceed \$200,000 for any one loss. The term “*full insurable value*” as used in this subsection shall mean the actual replacement cost, using the items of value set forth above (including the cost of restoring the surface grounds owned or leased by the Lessee but excluding the cost of restoring trees, plants and shrubs), without deduction for physical depreciation. Said “*full insurable value*” shall be determined by the Lessee from time to time but not less frequently than once in every 36 months;

(ii) Maintain or cause to be maintained public liability insurance against claims for bodily injury or death, or damage to property occurring upon, in or about the Leased Property, such insurance to afford protection to a limit of not less than \$1,000,000 combined single limit; *provided, however*, that nothing herein shall be construed to require the Lessee to maintain or cause to be maintained any such public liability insurance for amounts greater than the limitations on such liability provided under the Utah Governmental Immunity Act, Chapter 30 of Title 63, Utah Code Annotated 1953, as amended. Such insurance may be maintained under an Owners, Landlords and Tenants policy and may be maintained in the form of a minimum \$1,000,000 single limit policy

covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee; and

(iii) Maintain or cause to be maintained workers' compensation coverage to the extent required by law.

All insurance herein provided for shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State of Utah, except as otherwise hereinafter provided. As of the date hereof, the Lessee carries public liability insurance with the Utah Risk Management Mutual Association, an insurer of recognized responsibility. The Lessee may, in its discretion, insure the Leased Property under blanket insurance policies which insure not only the Leased Property, but other buildings as well, so long as such blanket insurance policies otherwise comply with the terms of this Section 7.01(a).

All policies or certificates issued by the respective insurers for insurance shall provide that such policies or certificates shall not be cancelled or materially changed without at least thirty (30) days prior written notice to the Trustee.

All policies of insurance (except the policy of public liability property damage and workers' compensation insurance) must provide that the proceeds thereof shall be payable to the Trustee. The Net Proceeds of fire and extended coverage insurance shall be deposited into the Insurance Fund under the Indenture to be applied to rebuild, replace and repair the affected portion of the Leased Property or redeem outstanding Bonds as provided in Article X hereof. The Net Proceeds of public liability and property damage insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

(b) Notwithstanding anything herein to the contrary, any policies of insurance that the Lessee is required to keep or cause to be kept pursuant to Section 7.01(a) hereof may be provided through any self-insurance program of the Lessee or in which the Lessee participates with other governmental units of the State of Utah. The Utah Risk Management Mutual Association is not a self-insurance program within the meaning of the preceding sentence. In such event, the Lessee shall cause the risk manager of its self-insurance program to issue certificates of coverage to the Trustee for any such risks covered by the self-insurance program and otherwise evidencing compliance with the requirements of Section 7.01(a) hereof which certificates of coverage shall be accompanied with an opinion of Lessee's Counsel that the obligations of the Lessee under any such self-insurance program are legal, binding and enforceable against the Lessee in accordance with their terms. At least once each year, commencing during calendar year 2026, the Lessee shall cause its risk manager or, at its expense, an Independent Insurance Consultant to review the Lessee's self-insurance program and to render a report to the Lessee as to the adequacy and actuarial soundness of such self-insurance program to provide the coverage required by Section 7.01(a) hereof to the extent the Lessee self-insures for such coverage as herein permitted and as to its recommendations, if any, for adjustments thereto. The Lessee shall make such adjustments to its self-insurance program as are necessary to comply with any such recommendations of its risk manager or the Independent Insurance Consultant appointed for the purposes of this Section 7.01(b).

“Independent Insurance Consultant” shall mean a nationally recognized, independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the Lessee is to be self-insured.

(c) To the extent that the Lessee is unable to obtain or maintain any of the insurance required to be carried as provided in Section 7.01(a) hereof from reputable insurers on the open market at reasonable prices therefor, the Lessee shall provide for such insurance through its self-insurance program or through a self-insurance program in which the Lessee participates with other governmental units of the State of Utah; *provided, however*, that any costs and expenses incurred by the Lessee in connection with such self-insurance program and the cost of any reserves required to fund such a self-insurance program shall be payable by the Lessee.

(d) The Lessee shall file with the Trustee annually, within one hundred eighty (180) days after the close of each Fiscal Year, commencing with the Fiscal Year which ends on June 30, 2026, a written statement of the Lessee satisfactory to the Trustee containing a summary of all insurance policies (including policies provided through any self-insurance program described in Section 7.01(b) or 7.01(c) hereof) then in effect with respect to the Leased Property and stating that the insurance policies required by this Lease are in full force and effect.

(e) The Lessee for itself and its insurers, to the extent possible (as a reasonable cost) and to the extent permitted by law, hereby waives any claim against the Trustee and the Lessor, including claims based on negligence, if the claim results from any of the perils the Lessee is required to insure against or provide self-insurance for in this Section 7.01.

ARTICLE VIII

TAXES

Section 8.01. Taxes. (a) The Lessor and the Lessee understand and agree that the Leased Property constitutes public property free and exempt from all taxation in accordance with applicable law, including but not limited to Section 17D-2-104 of the Act. The Lessor agrees to cooperate with the Lessee, upon written request by the Lessee, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. The Lessee agrees to reimburse the Lessor from Additional Rentals for any and all costs and expenses thus incurred by the Lessor.

(b) Notwithstanding Section 8.01(a) hereof, in the event that the Leased Property or any portion thereof or any portion of the Rentals 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 the Leased Property or any portion of the Rentals, an Additional Rental shall be paid by the Lessee 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 Lessee shall be obligated hereunder to provide for Additional Rentals only for such installments as are required to be paid during the term of the Lease. The Lessee shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Leased Property or any portion thereof (including, without limitation, any

taxes levied upon the Leased Property or any portion thereof which, if not paid, will become a charge on the Rentals and receipts from the Leased Property or any portion thereof 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 Lessor) or the Rentals and revenues derived therefrom or hereunder, except to the extent permitted by Section 8.01(c) hereof.

(c) The Lessee may, at its expense and in its name, in good faith contest any such taxes, assessments and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Indenture will be materially endangered (in the judgment of the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) or, if the Initial Purchaser is no longer an Owner of any of the Bonds, then in the judgment of the Trustee) or the Leased Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) or, if the Initial Purchaser is no longer an Owner of any of the Bonds, then in the judgment of the Trustee), in which event such taxes, assessments or charges shall be paid forthwith. The Lessor will cooperate fully with the Lessee in any such contest. In the event that the Lessee shall fail to pay any of the foregoing items required by this Section 8.01 to be paid by the Lessee, the Issuer or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Lessee to the party making the advancement, which amounts the Lessee hereby agrees to pay from Additional Rentals on demand together with interest thereon from the date thereof until paid at the lesser of ten percent (10%) per annum or the maximum rate permitted by law, but only from moneys appropriated and legally available for such purpose.

ARTICLE IX

ALTERATIONS, ADDITIONS AND IMPROVEMENTS

Section 9.01. Alterations, Additions and Improvements to the Leased Property. (a) The Lessee shall have the right during the term of the Lease to make any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; *provided, however*, that no such alteration, addition or improvement shall reduce or otherwise adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property with such alterations' effect on such values to be determined prior to installation.

(b) The Lessee will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any construction, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made by the Lessee, provided that if the Lessee shall first notify the Trustee of the Lessee's intention so to do, the Lessee may in good faith contest any mechanic's or other lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment

of any such items the security afforded pursuant to the terms of the Indenture will be materially endangered (in the judgment of the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) or, if the Initial Purchaser is no longer an Owner of any of the Bonds, then in the judgment of the Trustee) or the Leased Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) or, if the Initial Purchaser is no longer an Owner of any Bonds, then in the judgment of the Trustee), in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Lessor will cooperate fully with the Lessee in any such contest, upon the request and at the expense of the Lessee.

Section 9.02. Title to Alterations, Additions and Improvements. Except as provided in Section 9.03 hereof, all such alterations, additions and improvements shall become the property of the Lessor as a part of the Leased Property and shall be subject hereto and to the Indenture.

Section 9.03. Lessee's Equipment. (a) All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Leased Property which is not a fixture under applicable law or which is not paid for with the proceeds of sale of the Bonds shall remain the sole property of the Lessee in which neither the Lessor, the owners of the Bonds nor the Trustee shall have any interest, and may be modified or removed at any time by the Lessee and shall not be subject to the lien of the Indenture. The Lessee shall pay for any damage caused by such modification or removal.

(b) The title to any personal property, improvements or fixtures placed on or in the Leased Property by any sublessee or licensee of the Lessee shall be controlled by the sublease or license agreement between such sublessee or licensee and the Lessee.

(c) If after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee moves out or is dispossessed and fails to remove any property of the Lessee at the time of such moving out or dispossession, then and in that event, the Trustee shall, following not less than fifteen (15) days' prior written notice to the Lessee, either regard such property as abandoned by the Lessee, in which case such property shall become the property of the Lessor subject to the Indenture, or shall demand that the Lessee remove such property from the Leased Property, and in the event of failure of the Lessee to comply with said demand, the Trustee shall have the right to remove, sell or destroy such property.

ARTICLE X

DAMAGE OR DESTRUCTION; CONDEMNATION

Section 10.01. Damage, Destruction and Condemnation. (a) If, during the term of the Lease, (i) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (ii) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Lessee, the Lessor or the Trustee in the Leased Property or any 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 the Facilities shall become apparent; or (iv)

title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title; then the Lessee shall continue to pay Base Rentals and Additional Rentals after delivery of the Completion Certificate, subject to Section 4.09(a) hereof, and to take such action as it shall deem necessary or appropriate to repair, rebuild and replace the affected portion of the Leased Property, subject to Section 10.01(c)(ii) hereof, regardless of whether the Acquisition of the Project has been completed and accepted by the Lessee in accordance with Section 5.08(b) hereof.

(b) In accordance with Section 413 of the Indenture, the Trustee shall cause the Net Proceeds of any insurance policies (including any moneys derived from any self-insurance program), performance bonds or condemnation awards with respect to the Leased Property, or Net Proceeds received as a consequence of defaults under Project Contracts (excluding liquidated damages) for the Project, to be deposited into the Insurance Fund to be applied as provided herein and in Section 413 of the Indenture, and all Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged or destroyed portion of the Leased Property by the Lessee, except as otherwise provided in Section 10.01(c) hereof or as may be required by the Tax Certificate. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the Construction Fund, if received prior to the Completion Date and, if received thereafter, are to be deposited into the Bond Fund, except to the extent otherwise required by the Tax Certificate. The Trustee shall cause the Net Proceeds of any liquidated damages received as a consequence of a default by the Contractor to complete Acquisition of the Project in a timely fashion under the Construction Contract to be deposited into the Bond Fund.

(c) If such Net Proceeds shall be insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within ninety (90) days after the occurrence of the event giving rise to such Net Proceeds, either:

(i) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, in which case the Lessee agrees that it will not be entitled to any reimbursement therefor from the Trustee or the owners of the Bonds, nor shall it be entitled to any diminution of the Base Rentals or Additional Rentals; or

(ii) if the failure to repair, rebuild or replace shall not materially detract from the value of the Leased Property as determined by the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds or if not, then by the Trustee), then the Lessee may discharge its obligation to repair, rebuild or replace the affected portion of the Leased Property by causing such Net Proceeds to be deposited into the Bond Fund; or

(iii) deposit such Net Proceeds into the Bond Fund to be used by the Trustee as provided in the Indenture.

In the event the Council shall fail to appropriate, by the first day of the next Renewal Term following the ninety-day period after the occurrence of the event giving rise to the Net Proceeds, an amount at least equal to the insufficiency to pay in full the cost of any necessary repair, restoration, modification, improvement or replacement, the obligation to repair and replace the Project under this Article X shall be discharged by depositing the Net Proceeds into the Bond

Fund. Upon the deposit of such Net Proceeds in said Bond Fund, the Lessee shall have no further obligation for the payment of Base Rentals and additional Rentals hereunder with respect to said Project, and possession of said Project as well as all rights created pursuant to this Master Lease and the interest of the Lessee therein and in any funds or accounts created under the Indenture with respect to the Project (except for moneys held to pay rebate and for the payment of Bonds not then deemed Outstanding), shall be surrendered to the Trustee. Thereafter, the Lessee's interest in said Project may be liquidated pursuant to the provisions of and subject to the limitations set forth in the Indenture and the proceeds of such liquidation and the Net Proceeds 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 (except for moneys held to pay rebate and for the payment of Bonds not then deemed Outstanding), shall be applied to the redemption of the applicable Series of Bonds on the earlier of the next succeeding redemption date or the final maturity date of such Series of Bonds.

(d) The Lessor has, simultaneously with the execution of this Lease, assigned all of its duties and obligations hereunder with respect to the Acquisition of the Project to its agent pursuant to the Agency Agreement, except as otherwise therein provided. The Lessee hereby consents to such assignment by the Lessor pursuant to the Agency Agreement.

(e) The Lessor and the Lessee agree that it is the intent of the parties that the risk of any loss arising out of any damage, destruction or condemnation of the Leased Property or any portion thereof shall be borne by the Lessee and not by the Lessor or the Bondholders, and the Lessee hereby covenants and agrees that in the event of any such damage, destruction or condemnation, the Lessee shall either repair, rebuild or replace the Leased Property to essentially its same or better condition before any such damage, destruction or condemnation or provide funds necessary to redeem the Bonds at the soonest practicable date.

(f) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease, and the Lessee has complied with such public bidding requirements as may be applicable to this Lease and the Acquisition by the Lessee (in its capacity as agent for the Lessor) of the Project.

(g) During the term hereof, the Leased Property will be used by the Lessee (except as otherwise permitted by Section 11.01 hereof) only for the purpose of performing one or more essential governmental or proprietary functions (including related functions) of the Lessee consistent with the permissible scope of the Lessee's authority. The use, occupancy and operation of the Leased Property is essential to the conduct of the Lessee's governmental operations to provide for the public health, welfare, safety and convenience of the Lessee and its inhabitants.

(h) The Lessee shall comply with all applicable laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, including, without limitation, all zoning and other laws that would be applicable to the Project (other than public bidding laws which are inapplicable to the Project or the letting of the Lease by virtue of Section 17D-2-108(2) of the Act) if it were not owned or occupied by a political subdivision of the State of Utah and with all reasonable rules, directions, requirements and recommendations of the local board of fire underwriters and other fire insurance rating organizations for the area in which the Project are situated, pertaining to the Project or the use,

occupancy and operation thereof. The Lessee shall not do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Project or the Leased Property which will contravene any policies insuring against loss or damage by fire or other hazards, including, but not limited to, public liability insurance.

(i) The Lessee has obtained and examined, or will obtain and examine in a timely fashion as is necessary to diligently complete the Project, all conditions, covenants, restrictions, easements, reservations, rights, rights-of-way and all legal requirements, use permits, occupancy permits, building permits and other requirements affecting or relating to the Project, and the Project does not and will not violate any of the same.

(j) The Lessee has complied in all material respects with all legal requirements in relation to environmental quality, and the Lessee is not under investigation by any state or federal agency designed to enforce such legal requirements.

(k) All streets, easements, utilities and related services necessary for the Project and the operation of the Leased Property for its intended purpose are (or will be, in a timely manner during the Acquisition of the Project) available to the boundaries of the Facility Site.

(l) Until the termination of the Lessee's possessory rights hereunder with the effect provided in Section 3.03 hereof, the Lessee shall (i) permit the agents or representatives of the Trustee upon two (2) Business Days' notice to have access to and to examine its properties, books and records relating to the Project and the Leased Property and furnish or cause to be furnished at the Lessee's expense to the Trustee the following:

(A) As soon as possible, and in any event not later than three (3) days after the occurrence of any Event of Default or Event of Nonappropriation, a statement of an Authorized Lessee Representative setting forth the details of such Event of Nonappropriation or Event of Default and the action which the Lessee proposes to take with respect thereto;

(B) As soon as available, and in any event not later than one hundred eighty (180) days after the close of each Fiscal Year, the audited financial statements of the Lessee as at the close of and for such Fiscal Year, all in reasonable detail and stating in comparative form the figures as at the close of and for the previous Fiscal Year, audited by and with the report of the Lessee's auditor; *provided, however*, the Trustee shall not be required to review or analyze such financial statements;

(C) Such other information relating to the affairs of the Lessee with respect to the Leased Property (including but not limited to evidence or appropriations and preliminary and final budgets) as the Trustee reasonably may request from time to time; and

(D) From time to time, record, register and file all such notices, statements and other documents and take such other steps, including without

limitation the amendment of any of the Operative Agreements and any instruments perfecting interests thereunder, as may be necessary or advisable to render fully valid and enforceable under all legal requirements the rights, liens and priorities of the Lessor and the Trustee with respect to all security from time to time furnished under this Lease or intended to be so furnished in such form and at such times as shall be satisfactory to the Lessor and the Trustee, and pay all fees and expenses (including reasonable attorneys' fees) incident to compliance with this paragraph.

(m) Until the termination of the Lessee's possessory rights hereunder with the effect provided in Section 3.03 hereof, unless the Trustee shall otherwise consent in writing, the Lessee agrees not to:

(i) Create, incur, assume or permit to exist any mortgage, deed of trust, security interest (whether possessory or nonpossessory) or other encumbrance of any kind (including without limitation the charge upon property purchased under conditional sale or other title retention agreement) upon or on the Leased Property, other than (A) liens for taxes not delinquent or being contested as permitted hereunder; (B) liens in connection with workers' compensation, unemployment insurance or social security obligations; (C) mechanics', workmen's, materialmen's, landlords', carriers' or other like liens arising in the ordinary and normal course of business with respect to obligations which are not due or which are being contested hereunder; (D) liens in favor of the Trustee arising out of the transactions contemplated hereby; and (E) Permitted Encumbrances; or

(ii) Enter into or consent to any amendment of any of the documents contemplated hereby, except as may be permitted by the Indenture or this Lease.

(n) The estimated useful life of the Leased Property is not less than 50 years, based upon the certificate of the architect or engineer delivered as *Exhibit E* of Document No. 14 of the transcript of which this Lease is a part, as the architect or engineer responsible for designing and planning the Facilities, delivered prior to the execution of this Lease as required by Section 17D-2-302 of the Act. The term of this Lease, including for this purpose all Renewal Terms authorized herein, does not exceed the shorter of (i) the estimated useful life of the Leased Property or (ii) forty (40) years.

ARTICLE XI

ASSIGNMENTS

Section 11.01. Assignments by Lessee. Neither this Lease nor any interest of the Lessee herein shall, at any time after the date hereof, without the prior written consent of the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) or, if the Initial Purchaser is no longer an Owner of any of the Bonds, then with the consent of the Trustee, be mortgaged, pledged, assigned or transferred by the Lessee by voluntary act or by operation of law, or otherwise, except as specifically provided herein. The Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any

assigning, transferring or subletting which may be made with such consent. The Lessee shall have the right, without notice to or consent of the Lessor, the Trustee or any owner of Bonds, to further sublease or permit the use of any specified portion of the Leased Property only to or for the benefit of any other "public bodies" (as such term is defined in the Act), the State of Utah or any other entities permitted as sublessees of a project now or hereafter permitted or authorized by the Act, including but not limited to Section 17D-2-403(1)(b) of the Act, but nothing herein contained shall be construed to relieve the Lessee from its obligation to pay Rentals as provided in this Lease or relieve the Lessee from any other obligations contained herein; *provided, however*, that no such assignment or sublease may be made if the use of the Leased Property by the assignee or sublessee will affect the validity of this Lease or the tax-exempt status of the Series 2026 Bonds. Any such assignment, sublease or license shall require the assignee, sublessee or licensee to execute an acceptable attornment agreement with the Lessee and the Trustee and to assume all of the terms, covenants and agreements of the Lessee hereunder to the extent of the portion of the Leased Property so assigned, sublet or licensed; *provided, however*, that where portions of the Leased Property have been so assigned, sublet or licensed, the Lessee shall continue to be responsible for the payment of Rentals due under this Lease. The Lessor may execute any and all instruments necessary and proper in connection therewith. The Lessee hereby agrees (a) to direct all of its permitted sublessees, assignees and transferees to pay all rentals and other amounts due under any sublease, assignment or transfer permitted by this Section 11.01 directly to the Trustee for deposit into the Bond Fund and (b) to pay any of such amounts received by the Lessee directly to the Trustee for deposit into the Bond Fund. During the term hereof, the Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code, and the regulations, proposed or existing, from time to time promulgated thereunder.

Section 11.02. Assignments by Lessor in General Without Release of Liability. (a) The Lessor's obligations to perform under this Lease may be assigned in whole or in part by the Lessor, but the Lessor shall remain liable to perform hereunder, with notice to the Lessee as provided in Section 11.02(b) hereof; provided that such assignment (other than an assignment for security purposes or the assignment effected by the Indenture and the exercise of any remedies thereunder and any further assignment resulting from the exercise of any such remedies) may only be made to a public corporation or other public entity duly authorized by applicable law to perform the obligations as Lessor hereunder.

(b) No assignment or reassignment of any of the Lessor's right, title or interest in this Lease or the Leased Property shall be effective unless and until the Lessee shall have received a duplicate original counterpart of the document by which the assignment or reassignment is made, disclosing the name and address of each such assignee. The Lessee hereby acknowledges receipt of the Indenture for purposes of this Section 11.02(b). During the term hereof, the Lessor and the Lessee shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code, and the regulations, proposed or existing, from time to time promulgated thereunder.

(c) The Lessor may assign its rights, title and interest in and to this Lease and any other documents executed with respect to this Lease and/or grant or assign a security interest in this Lease, in whole or in part, as herein provided. The Lessor, simultaneously with the execution of

this Lease, has assigned this Lease and all Base Rentals and certain other sums (including any Additional Rentals payable pursuant to Section 4.01(b)(ix) hereof) due and to become due hereunder to the Trustee under the Indenture. Upon the execution and delivery of the Indenture, the Lessor therein gives written notice thereof to the Lessee, and all Base Rentals and certain other sums (including such Additional Rentals) due and to become due hereunder shall be paid to the Trustee when due and payable. Neither any purchaser of any of the Bonds nor the Trustee shall be bound or obligated to perform or see to the performance of any duty, covenant, condition or warranty (express or implied) made by the Lessor or required to be observed or performed by the Lessor under any of the terms hereof.

Section 11.03. Lessor's Assignment as a Whole and Release From Liability. Except as otherwise set forth in Section 11.04 hereafter, the rights, obligations and duties of the Lessor hereunder may be assigned as a whole and the Lessor may be released from its obligations hereunder only with the prior written consent of the Lessee, the Trustee and the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds), and then only upon assignment of the Lessor's interest herein to a public corporation or other entity duly authorized by applicable law to perform the obligations as Lessor hereunder.

Section 11.04. Replacement of the Lessor. If any event occurs which in the judgment of the Trustee or the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) materially impairs the ability of the Lessor to serve as lessor hereunder or as Issuer under the Indenture, the Trustee may replace the Lessor with such other entity as the Trustee and the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds) deem appropriate so long as such successor entity is a public corporation or other public entity duly authorized by applicable law to perform the obligations as Lessor hereunder and as Issuer under the Indenture. In any such event, the Lessor being replaced shall cooperate with the Trustee in conveying title to the Leased Property and any and all other right, title and interest of the Lessor in, to and under the Lease and the Indenture to such successor entity as the Trustee may designate as provided herein.

Section 11.05. Subordination and Attornment. (a) This Lease and the Lessee's interest in the Leased Property and its interest as lessee hereunder shall at all times be subject and subordinate to the lien of the Indenture and the Deed of Trust and to all the terms, conditions and provisions thereof, whether now existing or hereafter created and without the need for any further act or agreement by the Lessee; *provided, however*, that so long as an Event of Default under the Indenture or an Event of Nonappropriation has not occurred and is then continuing this Lease shall remain in full force and effect notwithstanding such subordination or the Lessor's default in connection with the said lien, and the Lessee shall not be disturbed by the Lessor or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Lease or in the enjoyment of its rights hereunder. The Lessee shall not subordinate its interests hereunder or in the Leased Property to any other lien or encumbrance without the prior written consent of the Trustee and the Initial Purchaser (so long as the Initial Purchaser is the Owner of any Bonds). Any such unauthorized subordination by the Lessee shall be void and of no force or effect whatsoever.

(b) In the event of any sale, assignment or transfer of the Lessor's interest under this Lease or in the Leased Property, including any such disposition resulting from the Lessor's default under the said lien, the Lessee shall attorn to the Lessor's successor and shall recognize such

successor as the Lessor under this Lease, said attornment to be effective and self-operative without the execution of any other instruments on the part of either party hereto immediately upon such successor succeeding to the interest of the Lessor hereunder, and this Lease shall continue in accordance with its terms between the Lessee, as lessee, and such successor, as Lessor.

ARTICLE XII

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 12.01. Representations, Covenants and Warranties of the Lessee. The Lessee hereby represents, covenants and warrants for the benefit of the Lessor and the owners from time to time of the Bonds as follows:

(a) The Lessee has the power and authority to enter into the Tax Certificate and the transactions contemplated by this Lease and the other Operative Agreements to which it is a party and to carry out its obligations hereunder and thereunder. The Lessee has been duly authorized to execute and deliver this Lease, and agrees that it will do or cause to be done all things necessary to preserve and keep this Lease (to the extent herein provided and subject to the limitations expressed herein, including but not limited to the limitations provided in Section 4.04 hereof) in full force and effect.

(b) The Lessee is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessee from entering into this Lease and the other Operative Agreements to which it is a party or performing any of its obligations hereunder or thereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessee, nor to the best knowledge of the Lessee is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessee is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessee of this Lease or any such other agreement or instrument or in connection with the carrying out by the Lessee of its obligations hereunder or thereunder have been obtained.

(d) The payment of the Rentals hereunder by the Lessee or any portion thereof is not, and will not (so long as the Lessee pays Rentals hereunder) be, directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business or (B) payments in respect of such property or (ii) to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used for a private business use,

all within the meaning of Section 141(b) of the Code. No proceeds of the Bonds are to be used (directly or indirectly) to make or finance loans.

(e) The entering into and performance of this Lease or any other document or agreement contemplated hereby to which the Lessee is or is to be a party will not violate any judgment, order, law or regulation applicable to the Lessee or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of the Lessee or on the Leased Property pursuant to, any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which the Lessee is a party or by which it or its assets may be bound, except as herein or in the Indenture provided.

(f) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Lease, and the Lessee has complied with such public bidding requirements as may be applicable to this Lease.

(g) During the term hereof, the Leased Property will be used by the Lessee (except as otherwise permitted by Section 11.01 hereof) only for the purpose of performing one or more essential governmental or proprietary functions (including related functions) of the Lessee consistent with the permissible scope of the Lessee's authority. The use, occupancy and operation of the Leased Property is essential to the conduct of the Lessee's governmental operations to provide for the public health, welfare, safety and convenience of the Lessee and its inhabitants.

(h) The Lessee shall comply with all applicable laws, rules, regulations, orders, directions and requirements of all governmental departments, bodies, bureaus, agencies and officers, including, without limitation, all zoning and other laws that would be applicable to the Leased Property (other than public bidding laws which are inapplicable to the Leased Property or the letting of the Lease by virtue of Section 17D-2-108(2) of the Act) if it were not owned or occupied by a political subdivision of the State of Utah and with all reasonable rules, directions, requirements and recommendations of the local board of fire underwriters and other fire insurance rating organizations for the area in which the Leased Property is situated, pertaining to the Leased Property or the use, occupancy and operation thereof. The Lessee shall not do or suffer to be done, or keep or suffer to be kept anything in, upon or about the Leased Property which will contravene any policies insuring against loss or damage by fire or other hazards, including, but not limited to, public liability insurance.

(i) The Lessee has complied and shall continue to comply in all material respects with all legal requirements in relation to environmental quality, and the Lessee is not under investigation by any state or federal agency designed to enforce such legal requirements.

(j) All streets, easements, utilities and related services necessary for the operation of the Leased Property for its intended purpose are available to the boundaries of the Real Estate.

(k) Until the termination of the Lessee's possessory rights under the Lease with the effect provided in Section 3.03 hereof, the Lessee shall (i) permit the agents or representatives of the Trustee or the Bondholders to have reasonable access to and to examine its properties, books and records relating to the Leased Property and furnish or cause to be furnished at the Lessee's expense to the Trustee and Bondholders the following:

(A) As soon as possible, and in any event not later than five (5) days after the occurrence of any Event of Default or Event of Nonappropriation, a statement of an Authorized Lessee Representative setting forth the details of such Event of Nonappropriation or Event of Default and the action which the Lessee proposes to take with respect thereto;

(B) Not later than 180 days after the end of the Lessee's fiscal year, the Lessee shall provide to the Lessor and the registered owner(s) of the Bonds audited financial statements of the Lessee prepared by an independent certified public accountant. The Lessee shall also provide to the Lessor and the registered owner(s) of the Bonds, the Lessee's annual fiscal year budget no later than 30 days after adoption; and

(C) Such other information relating to the affairs of the Lessee with respect to the Leased Property (including but not limited to evidence of appropriations and preliminary and final budgets) as the Trustee or Bondholders reasonably may request from time to time; and

(l) Until the termination of the Lessee's possessory rights hereunder with the effect provided in Section 3.03 hereof, unless the Trustee or Bondholders shall otherwise consent in writing, the Lessee agrees not to:

(i) Create, incur, assume or permit to exist any mortgage, deed of trust, security interest (whether possessory or nonpossessory) or other encumbrance of any kind (including without limitation the charge upon property purchased under conditional sale or other title retention agreement) upon or on the Leased Property, other than (A) liens for taxes not delinquent or being contested as permitted hereunder; (B) mechanics', workmen's, materialmen's, landlords', carriers' or other like liens arising in the ordinary and normal course of business with respect to obligations which are not due or which are being contested hereunder; (C) liens in favor of the Trustee arising out of the transactions contemplated hereby; and (D) Permitted Encumbrances; or

(ii) Enter into or consent to any amendment of any of the documents contemplated hereby, except as may be permitted by the Indenture or this Lease.

(m) The estimated useful life of the Leased Property is not less than 20 years from the date the Leased Property was placed in service, based upon the certificate of the architect or engineer delivered as an exhibit to Document No. II-1 of the transcript of which this Lease is a part, as the architect or engineer responsible for designing and planning the

Financed Property, delivered prior to the execution of this Lease as required by Section 17D-2-302 of the Act.

(n) The Leased Property (i) is not in a 100-year flood plain, and (ii) complies in all respects with applicable zoning, environmental and safety ordinances.

(o) If an Event of Nonappropriation has occurred, the Lessee or the City shall not purchase, Acquire, construct, lease or rent buildings or building space for the Lessor's, Lessee's or City's use for functions that are the same as or similar to those functions of the Leased Property until all of the principal of and interest on the Bonds has been paid in full.

(p) The Lessee holds marketable fee simple title to the Real Estate.

Section 12.02. Representations, Covenants and Warranties of the Lessor. The Lessor hereby represents, covenants and warrants for the benefit of the Lessee and the owners from time to time of the Bonds as follows:

(a) The Lessor has the power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder and thereunder. The Lessor has been duly authorized to execute and deliver all of the Operative Agreements to which it is a party.

(b) The Lessor is not subject to any legal or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Lessor from entering into this Lease or any of the other Operative Agreements or performing any of its obligations hereunder or thereunder, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or threatened against or affecting the Lessor, nor to the best knowledge of the Lessor is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Lease or any other agreement or instrument to which the Lessor is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Lease. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by the Lessor of this Lease or any such other agreement or instrument or in connection with the carrying out by the Lessor of its obligations under this Lease or thereunder have been obtained.

(d) The Lessor holds a marketable leasehold interest in the Real Estate, which interest the Lessor has granted a security interest to the Trustee pursuant to the Indenture and the Deed of Trust as additional security for the payment of the principal of, and premium (if any) and interest on, the Bonds. The Lessor and the Lessee understand and agree that the Lessor shall have all right, title and interest in and to the Leased Property,

the Indenture and the annually renewable leasehold interest of the Lessee and its option to purchase the Leased Property hereunder.

(e) The Lessor will not pledge the Base Rentals or any of its other rights hereunder and will not mortgage or encumber the Leased Property except as provided herein and under the Indenture. All property and moneys received by the Lessor from the Lessee will, so long as no Event of Nonappropriation or Event of Default has occurred and is then continuing, be applied for the benefit of the Lessee, and all property and moneys received by the Lessor hereunder and under the Indenture, including those from the Lessee, for the owner or owners of the Bonds will be applied for the benefit of such owner or owners.

(f) So long as the Lessee pays the Rentals hereunder, the payment of the Bonds or any portion thereof is not and will not be directly or indirectly (i) secured by any interest in (A) property used or to be used for a private business or (B) payments in respect of such property or (ii) to be derived from payments (whether or not to the Lessor in its capacity as the Issuer) in respect of property, or business use, all within the meaning of Section 141(b) of the Code. No proceeds of the Series 2026 Bonds are to be used (directly or indirectly) to make or finance loans.

(g) If an Event of Nonappropriation has occurred, the Lessor shall not purchase, Acquire, construct, lease or rent buildings or building space for the Lessor's, Lessee's or City's use for functions that are the same as or similar to those functions of the Leased Property until all of the principal and interest on the Bonds has been paid in full.

ARTICLE XIII

AMENDMENTS

Section 13.01. Amendments, Changes and Modifications. (a) Except as otherwise expressly provided in Sections 13.01(b), 13.01(c) and 13.02 hereof, this Lease may not be amended, changed or modified without the prior written consent of the Trustee and the Registered Owners of the Bonds, all in accordance with the Indenture.

(b) So long as no Event of Default or Event of Nonappropriation has occurred hereunder and is then continuing, the Lessor and the Lessee may make, from time to time, without the consent of the Trustee or the owners of the Bonds, but with the prior written consent of the Initial Purchaser (if the Initial Purchaser owns any of the Bonds), such modifications, alterations, amendments or additions to, or deletions from, the Real Estate as the Lessor and the Lessee mutually agree to be necessary and desirable to facilitate the use and development by the Lessee, its successors, permitted sublessees and assigns, of the Real Estate; *provided, however*, that the portion of the Real Estate remaining subject to this Lease after any such modification, alteration, amendment to, or deletion from, the Real Estate shall (i) be capable of being operated as a separate and independent functional unit without additional cost to the occupant, (ii) be a single legal parcel of land or a combination of contiguous legal parcels, (iii) include the Financed Property located on the Real Estate financed with the proceeds of sale of the Bonds or the replacement of such Financed

Property, (iv) have adequate access to and from public streets and easements for the maintenance of all utilities and (v) not be in violation of any applicable law, rule, regulation, ordinance, covenant or restriction relating thereto. Upon such modification, alteration, amendment or addition to or deletion from the Real Estate, the Lessor and the Lessee shall execute and cause to be recorded an amendment to this Lease reflecting the release of such portion of the Real Estate. The Lessor and the Lessee hereby further covenant not to agree to any modification, alteration, amendment or addition to or deletion from the Real Estate which would reduce the value of the Leased Property and the fair rental value thereof remaining subject to this Lease (such value to be determined in each instance with reference to the value to the Lessee, as may be determined by the governing body of the Lessee, based upon its use of the Leased Property hereunder and not with reference to such value as may be applicable for a different use or by a different user of the Leased Property) below the Rentals payable under the Lease or otherwise adversely affect the purposes for which the Lessor acquired the Leased Property and for which the Lessee is leasing the Leased Property pursuant to this Lease.

(c) Without the consent of the Trustee, but with the prior written consent of the Initial Purchaser (if the Initial Purchaser owns any of the Bonds), and if no Event of Default hereunder or under the Indenture shall have happened and be continuing, the Lessee may at any time or times grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property or rights included in the Indenture, free from the lien of the Indenture, or the Lessee may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the Lessor agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any such instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release; (ii) a written application signed by an Authorized Lessee Representative requesting such instrument; (iii) a certificate executed by an Authorized Lessee Representative stating that such grant or release (A) is not detrimental to the proper conduct of the operations of the Lessee, and (B) will not impair the effective use or interfere with the operation of the Leased Property and will not materially weaken, diminish or impair the security intended to be given by or under the Indenture; (iv) written confirmation by an independent engineer or consultant of the conclusions stated in the certificate executed by an Authorized Lessee Representative as provided in clause (iii) of this subsection (c) of Section 13.01; and (v) prior written approval of the Bondowners of any action taken by the Trustee pursuant to this subsection (c) of Section 13.01.

(d) The release of any portion of the Real Estate or any interests therein as herein provided shall not entitle the Lessee to any postponement, abatement or diminution of the Base Rentals or any other payments required to be paid hereunder.

Section 13.02. Amendments by Lessor and Lessee Only. This Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests), with the prior written consent of the Trustee, the Initial Purchaser (if the Initial Purchaser owns any of the Bonds) and, only to the extent required by Article XIII of the Indenture, the Bondowners.

ARTICLE XIV

RIGHT OF ENTRY; LIENS; QUIET ENJOYMENT

Section 14.01. Right of Entry. The Lessor, the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) and the Trustee and their respective designated representatives shall have the right to enter upon the Leased Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Lessor's rights or obligations under this Lease or (c) for all other lawful purposes.

Section 14.02. Liens. Except for payments made or required to be made under the Indenture, the Lessee shall pay or cause to be paid, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about the Leased Property and which may be secured by any mechanics', materialmen's or other lien against the Leased Property, or the Lessor's interest therein, and shall cause each such lien to be fully discharged and released; *provided, however,* that if the Lessee desires to contest in good faith any such lien, this may be done, and if such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge said judgment.

Section 14.03. Covenant of Quiet Enjoyment. The parties hereto mutually covenant and agree that the Lessee, by keeping and performing the covenants and agreements herein contained, shall at all times during the term hereof, peaceably and quietly, have, hold and enjoy the Leased Property, subject to all Permitted Encumbrances.

ARTICLE XV

EVENTS OF DEFAULT; REMEDIES

Section 15.01. Events of Default Defined. Any of the following shall be an "Event of Default" under this Lease:

(a) Failure by the Lessee to pay any Base Rentals required to be paid under Section 4.01(a) hereof with respect to the Bonds or failure by the Lessee to pay any Additional Rentals required to be paid under Section 4.01(b)(ix) hereof, in each case at the times specified therein as the respective due dates therefor; or

(b) Failure by the Lessee to pay any Additional Rentals (other than Additional Rentals required to be paid under Section 4.01(b)(ix) hereof) during the term of this Lease for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(c) Failure by the Lessee to vacate the Leased Property by the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the Lessee to observe and perform any covenant, condition or agreement herein on its part to be observed or performed, other than as referred to in Section 15.01(a), 15.01(b) or 15.01(c) hereof, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee 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, with the prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner), will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation or warranty (i) made by the Lessee pursuant to Section 12.01 hereof or by the Lessor pursuant to Section 12.02 hereof or (ii) contained in any certificate delivered in connection with this Lease, shall prove to have been false or misleading when made;

(f) The entry of an order or decree in any court of competent jurisdiction enjoining or restraining the Project or enjoining, restraining or prohibiting the Lessee from consummating the transactions contemplated by this Lease, which order or decree is not vacated and which proceedings are not discontinued within sixty (60) days after the granting of such order or decree; or

(g) The occurrence of any Event of Default as defined in the Indenture.

The foregoing provisions of this Section 15.01 are subject to the following limitations: (i) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of Section 4.09 of this Lease with respect to an Event of Nonappropriation; and (ii) if, by reason of *Force Majeure* (as such term is hereinafter defined), except those reasons of *Force Majeure* caused or created by the Lessee due to its own action or omission to act, the Lessee shall be unable in whole or in part to carry out any agreement on its part herein contained, other than the obligations of the Lessee contained in Article IV hereof, the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement; *provided, however*, that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee. As used herein, the term "*Force Majeure*" shall mean, without limitation, the following: acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State of Utah or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not within the control of the Lessee.

Section 15.02. Remedies on Default. (a) Upon the occurrence and continuance of any Event of Default hereunder or an Event of Nonappropriation, the Trustee as provided in the Indenture shall give notice to the Lessee to vacate the Leased Property immediately (but in no event earlier than the expiration of the Initial Term or the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Initial Term or Renewal Term, in the case of an Event of Nonappropriation) and shall, without any further demand or notice, (i) terminate this Lease or the Lessee's possessory rights hereunder (without otherwise terminating the Lease), enter the Leased Property and eject all parties in possession thereof therefrom, and relet the Leased Property, or then or at any time thereafter commence proceedings to foreclose on and liquidate, relet or sell the Leased Property in the manner permitted by law and as otherwise provided in the Indenture; (ii) exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture as the Trustee shall determine to be in the best interests of the Bondowners and as are consistent with the terms and provisions for the exercise of such remedies provided in the Indenture; or (iii) take any action at law or in equity deemed necessary or desirable to enforce its and the Bondowners' rights with respect to the Leased Property and the Lessee.

(b) Upon the termination of this Lease or the Lessee's possessory interests herein by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on such foreclosure, liquidation, reletting or sale shall be held by the Trustee for the benefit of the owners of the Bonds (and applied from time to time as provided in Section 907 of the Indenture). Notwithstanding anything herein to the contrary, the Trustee shall be entitled to relet the Leased Property upon terms and conditions approved by and with prior written consent of the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) for such period as is necessary for the Trustee to obtain sufficient moneys to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to the owners of the Bonds and the receipt and disbursement of funds shall be continuing until the lien of the Indenture is discharged as provided in the Indenture except as a result of foreclosure.

(c) Any amount received by the Trustee in excess of the amount sufficient to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to the owners of the Bonds, and any other amounts payable under this Lease or the Indenture (including but not limited to reasonable attorney fees, expenses and costs) shall be paid to the Lessee.

Section 15.03. Surrender of Leased Property. Upon the occurrence and continuance of any Event of Default or Event of Nonappropriation, the Lessee shall immediately quit and surrender the Leased Property to the Trustee in the same condition in which it existed at the time of the initial use and occupancy thereof by the Lessee, ordinary wear and tear excepted.

Section 15.04. Limitations on Remedies. With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to any period during which the Lessee shall actually use, occupy and operate the Leased Property, or for which the governing body of the Lessee has appropriated funds for such purpose, no judgment requiring the payment of money not subject to the lien of the Indenture may be entered against the Lessee by reason of

any Event of Default or an Event of Nonappropriation under this Lease. In the event the term of this Lease is terminated as a result of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly herein provided with respect to the Lessee's actual use, occupancy and operation of the Leased Property. Notwithstanding anything herein to the contrary, the Lessee shall not be under any obligation in respect to any creditors or security holders of the Lessor (including but not limited to the owners from time to time of the Bonds), and no remedy or other provision herein or in the Indenture provided shall be construed to provide any such remedy or to create or impose any such obligation.

Section 15.05. Remedies Cumulative. The rights and remedies given or reserved herein to the Lessor and the Trustee are and shall be deemed to be cumulative, and the exercise of any shall not be deemed to be an election excluding the exercise at any other time of a different or inconsistent right or remedy or the maintenance of any action either at law or in equity.

Section 15.06. Waiver. The delay or failure of the Lessor or the Trustee at any time to insist in any one or more instances upon a strict performance of any covenant of this Lease or to exercise any right, remedy, power or option herein granted or established by law, shall not be construed as an impairment of or a waiver or a relinquishment for the future of such covenant, right, remedy, power or option, but the same shall continue and remain in full force and effect, and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred unless otherwise agreed. The receipt and acceptance by the Lessor or the Trustee of any Rentals, in whole or in part, with knowledge of the breach of any term, covenant or condition hereof, shall not be deemed a waiver of such breach, and no waiver of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Lessor, the Trustee and, as provided herein and in the Indenture, the Initial Purchaser.

Section 15.07. Curing Lessee's Breach. If the Lessee shall default in the observance or performance of any term or covenant on the Lessee's part to be observed or performed under or by virtue of any of the terms of this Lease, the Trustee or the Initial Purchaser (so long as the Initial Purchaser is a Bondowner) may (but shall not be obligated to do so) immediately, or at any time thereafter and without notice, and to the extent permitted by law, perform or cause to be performed the same for the account of the Lessee, and any sums paid or obligations incurred in connection therewith shall be deemed to be Additional Rentals hereunder and shall be paid by the Lessee to the Trustee for appropriate disbursement within fifteen (15) days of the rendering of any bill or statement to the Lessee therefor; *provided, however*, that nothing herein shall be construed to obligate the Lessee to pay any such Additional Rentals from any funds other than moneys legally available and appropriated for such purpose.

ARTICLE XVI

LESSEE'S OPTIONS TO PURCHASE THE LEASED PROPERTY; VESTING OF TITLE

Section 16.01. Option to Purchase the Leased Property. The Lessee may, if no Event of Default has occurred and is then continuing hereunder, purchase the Leased Property subject to the terms hereof on any date by delivering written notice during the term of the Lease to the Trustee

not less than forty-five (45) days prior to such purchase date indicating the Lessee's intention so to purchase the Leased Property. The purchase price for the Leased Property to be paid by the Lessee to exercise the option provided herein shall be an amount equal to principal amount of the Bonds to be redeemed, plus interest on the Bonds to the purchase date and fees and expenses that must be paid to retire the then outstanding Bonds, less all amounts in reserves held by the Trustee under the Indenture that may be applied to the payment of such outstanding Bonds and such other expenses (the "*Option Price*"). Nothing herein shall be construed to create any obligation of the Lessee to purchase the Leased Property.

Section 16.02. Vesting of Title. (a) Title to all real property or interests therein, buildings, fixtures, equipment and other personal property that were purchased or financed from proceeds of the Series 2026 Bonds will be held in the name of the Lessor, subject to the Lease and the Indenture.

(b) The Lessor's interest in the Leased Property shall be transferred to the Lessee and title thereto shall thereupon vest in the Lessee (i) after an optional redemption date, the first date upon which the Bonds are no longer outstanding; (ii) on _____ 2, _____, upon payment of all Base Rentals, including any interest at the Default Rate, for all Renewal Terms and all then accrued Additional Rentals and the first date upon which the Bonds are no longer outstanding; or (iii) when the lien of the Indenture shall have been discharged in accordance with the terms thereof, other than by foreclosure of such lien.

(c) Upon dissolution of the Lessor and after transfer of title to the Leased Property pursuant to Section 16.02(b) above, any assets and net earnings of the Lessor then remaining (including but not limited to any amounts to be paid to the Lessee pursuant to Section 409 of the Indenture) shall be paid to the Lessee in accordance with Section 17A-3-912 of the Act and as provided in Section 17A-3-905(5)(b) of the Act.

ARTICLE XVII

MISCELLANEOUS

Section 17.01. Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party, if sent by United States registered mail, return receipt requested, postage prepaid and addressed as follows:

If to the Lessor:

Local Building Authority of American Fork City, Utah

American Fork, Utah 84003

Attention: Secretary

If to the Lessee:

American Fork City, Utah

American Fork, Utah 84003

Attention: Mayor

A duplicate copy of any such notice shall also be served upon the Trustee as herein provided to its address at 170 South Main Street, Suite 200, Salt Lake City, Utah 84101, Attention: Corporate Trust Department. All written correspondence to the Initial Purchaser shall be made by certified mail.

Section 17.02. Governing Law. This Lease is made in the State of Utah under the Constitution and laws of such State and is to be so construed.

Section 17.03. Lessee's Obligation to Operate. The Lessee shall be obligated to use, occupy and operate the Leased Property so as to afford to the public the benefits contemplated by this Lease and to permit the Lessor and the Trustee to carry out their respective covenants to the owners of the Bonds.

Section 17.04. Execution in Counterparts. This Lease may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one and the same Lease, and it is also understood and agreed that separate counterparts of this Lease may be separately executed by the Lessor and the Lessee, all with the same full force and effect as though the same counterpart had been executed simultaneously by the Lessor and the Lessee.

Section 17.05. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Lease, or the application thereof to any person or circumstance, shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Lease, and the application thereof to other persons or circumstances, shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 17.06. Successors and Assigns; Third Party Beneficiaries. (a) This Lease and the covenants, conditions and agreements herein contained shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

(b) This Lease is executed in part to induce the purchase by others of the Bonds, and for the further securing of the Bonds, and, accordingly, as long as any Bonds are outstanding, all respective covenants and agreements of the parties herein contained are hereby declared to be for the benefit of the owners from time to time of the Bonds, but may be enforced by or on behalf of such owners only in accordance with the provisions hereof and of the Indenture. The Lease shall not be deemed to create any right in any person who is not a party (other than the permitted successors and assigns of a party) and shall not be construed in any respect to be a contract in

whole or in part for the benefit of any third party (other than the permitted successors and assigns of a party hereto), except in each case the owners from time to time of the Bonds and the Trustee

Section 17.07. Limitation of Warranty. The Lessor makes no warranties except those warranties or representations expressly made by the Lessor in this Lease or other documents related to the issuance of the Bonds.

Section 17.08. Captions and Headings. The captions and headings used throughout this Lease are for convenience of reference only, and the words contained therein shall not be deemed to affect the meaning of any provision or the scope or intent of this Lease, nor in any way affect this Lease.

Section 17.09. "Net Lease". This Lease shall be deemed and construed to be a "net lease," and the Lessee hereby agrees that the Rentals provided for herein shall be an absolute net return to the Lessor free and clear of any expenses, charges or setoffs whatsoever, except as otherwise specifically provided herein.

Section 17.10. Provision for Payment. Any payment or prepayment by the Lessee shall be deemed made if sufficient Government Obligations (as each such term is defined in Article VII of the Indenture) shall have been deposited with the Trustee as provided in the Indenture; provided that notice of the exercise of the Lessee's right of prepayment and the corresponding redemption of Bonds shall have been duly given in case of any redemption as provided in the Indenture. Such Government Obligations shall be sufficient only if they are not redeemable at the option of the issuer thereof prior to maturity and if they mature and bear interest at such times and in such amounts as will assure sufficient cash to pay such payment or prepayment when due and otherwise comply with the requirements specified in Article VII of the Indenture.

Section 17.11. Action by the Lessee. Whenever it is herein provided or permitted for any action to be taken by the Lessee, such action may be taken by an Authorized Lessee Representative hereunder unless the context clearly indicates otherwise.

Section 17.12. Time is of the Essence. Time is of the essence in the performance of each provision of this Lease.

Section 17.13. Payment of Base Rentals. Payment of Base Rentals must be made for all Series of Bonds issued pursuant to the Indenture. Payments on only certain Series of Bonds are not permitted. If each annual Base Rental payment is not made in whole, then all Series of Bonds will be in default.

(Signature page follows.)

IN WITNESS WHEREOF, the Lessor and the Lessee have caused their respective names to be signed hereto by their respective officers hereunto duly authorized, all as of the day and year first above written.

LESSOR:

LOCAL BUILDING AUTHORITY OF AMERICAN
FORK CITY, UTAH

By _____
President

ATTEST:

By _____
Secretary

LESSEE:

AMERICAN FORK CITY, UTAH

By _____
Mayor

COUNTERSIGN AND ATTEST:

By _____
City Recorder

ACKNOWLEDGMENTS

STATE OF UTAH)
 : SS.
COUNTY OF UTAH)

On the _____ day of _____, 2026, _____ and _____ personally appeared before me and did say that they are the Mayor and City Recorder, respectively, of American Fork City, Utah, the governmental body described in, and which executed, the foregoing instrument, and that such instrument was signed on behalf of the City by such officers, by authority of a duly adopted resolution of its City Council.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

NOTARY PUBLIC
Residing at: _____, Utah

STATE OF UTAH)
 : SS.
COUNTY OF UTAH)

On the _____ day of _____, 2026, _____ and _____ personally appeared before me and did say that they are the President and Secretary, respectively, of the Local Building Authority of American Fork City, Utah, the Utah nonprofit corporation described in, and which executed, the foregoing instrument, and that such instrument was signed on behalf of such corporation by such officers by authority of its bylaws and a duly adopted resolution of its Board of Trustees.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

NOTARY PUBLIC
Residing at: _____, Utah

SCHEDULE I
SCHEDULE OF BASE RENTAL PAYMENTS

EXHIBIT A

DESCRIPTION OF REAL ESTATE

The tract of land constituting the Real Estate is located in Utah County, State of Utah, and is more particularly described as follows:

EXHIBIT B

[FORM OF NOTICE OF EXTENSION OF TERM OF LEASE]

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, NATIONAL ASSOCIATION, as Trustee

Salt Lake City, Utah _____
Attention: Corporate Trust Department

Pursuant to Section 3.01 of that certain Master Lease Agreement, dated as of February 1, 2026 (the "*Lease*"), between the Local Building Authority of American Fork City, Utah and American Fork City, Utah (the "*Lessee*"), the Lessee hereby declares that it has extended the term of the Lease for the Renewal Term (as defined in the Lease) commencing July 1, _____ and ending June 30, _____.

The Lessee met in regular public session on _____ and appropriated funds in the total amount of \$_____ sufficient for the purpose of paying the Base Rentals and reasonably estimated Additional Rentals (as such terms are defined in the Lease) calculated as provided in Section 4.01(b) of the Lease, to become due during the aforementioned Renewal Term. Of the total amount appropriated, \$_____ was appropriated for the purpose of paying Base Rentals and \$_____ was appropriated for the purpose of paying reasonably estimated Additional Rentals.

DATED this ____ day of _____, 20__.

AMERICAN FORK CITY, UTAH

By _____
Authorized Lessee Representative

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER PARAGRAPH (b)(5) OF RULE 15c2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the “*Agreement*”) is executed and delivered by American Fork City, Utah (the “*City*”) in connection with the issuance by the Local Building Authority of American Fork City, Utah (the “*Issuer*”) of its \$_____ Lease Revenue Bonds, Series 2026 (the “*Bonds*”). The Bonds are being issued pursuant to an Indenture of Trust, Dated as of February 1, 2025 (the “*Indenture*”), between the Issuer and Zions Bancorporation, National Association, as Trustee.

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the City covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the City as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

“*Annual Financial Information*” means the financial information and operating data described in *Exhibit I*.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Participating Underwriter*” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

“*Reportable Events Disclosure*” means dissemination of a notice of a Reportable Event as set forth in Section 5.

“*Rule*” means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

“*State*” means the State of Utah.

“*Undertaking*” means the obligations of the City pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

MAY 1 OF THE YEAR	CUSIP NUMBER	MAY 1 OF THE YEAR	CUSIP NUMBER
2027		2042	
2028		2043	
2029		2044	
2030		2045	
2031		2046	
2032		2047	
2033		2048	
2034		2049	
2035		2050	
2036		2051	
2037		2052	
2038		2053	
2039		2054	
2040		2055	
2041		2056	

The Final Official Statement relating to the Bonds is dated _____, 2026 (the “*Final Official Statement*”). The City will include the CUSIP Number in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the City hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the

MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. CONSEQUENCES OF FAILURE OF THE CITY TO PROVIDE INFORMATION. The City shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

Section 7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the City by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or change in the identity, nature, or status of the City, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with the City or any other obligated person (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. TERMINATION OF UNDERTAKING. The Undertaking of the City shall be terminated hereunder if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The City shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. DISSEMINATION AGENT. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event. If the City is changed, the City shall disseminate such information to EMMA.

Section 11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. RECORDKEEPING. The City shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. ASSIGNMENT. The City shall not transfer its obligations under the Indenture unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking under the Rule.

Section 14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

AMERICAN FORK CITY, UTAH

By _____
Mayor

Attest and Countersign:

By _____
City Recorder

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Official Statement under the following captions:

DEBT STRUCTURE OF THE CITY

- Outstanding Municipal Debt of the City

FINANCIAL INFORMATION REGARDING THE CITY

- Five-Year Financial Summaries
- Taxable and Fair Market Value of Property
- Tax Collection Record

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA no later than January 31 of each year, commencing January 31, 2027. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles applicable to governmental units in general and Utah cities in particular. Audited Financial Statements will be submitted to EMMA within 30 days after availability to City.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. The incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

the Lease to receive Base Rentals (as such term is defined in the Lease), as security for the payment of the principal of and interest on, the Bonds and any other such parity bonds as may be issued under the Indenture in the future. The Bonds are limited obligations of the Issuer and are payable solely from the Base Rentals received under the Lease and from such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture.

Neither the Bonds nor the Lease constitute the debt or indebtedness of the City, the District, the State of Utah or any political subdivision of the State of Utah within the meaning of any constitutional provision or limitation nor give rise to or are a general obligation or liability of nor a charge against the general credit or taxing powers of the State of Utah or any political subdivision of the State of Utah. The Issuer has no taxing power. In the event of default of any payment of principal of or interest on, the Bonds or any violation of any provision of the Lease or the Indenture resulting in the foreclosure of the liens, security interests and rights granted by the Indenture, the Trustee shall be entitled, among other things, to pursue certain remedies against the Project as provided in the Indenture but no deficiency judgment upon foreclosure may be entered in any event against the Issuer, the City, the District or the State of Utah or any of its political subdivisions, except as otherwise expressly provided in the Lease with respect to the City's actual use and occupancy of the Project, and no breach of any covenant or agreement in the Lease or the Indenture shall impose any general obligation or liability upon, nor a charge against, the City, the District or the general credit or taxing power of the State of Utah or any of its political subdivisions.

Under the Lease, the Project has been leased by the Issuer to the City, and the City has agreed to pay, directly to the Trustee, the Base Rentals, but only if and to the extent that the City shall specifically appropriate funds annually sufficient to pay the Base Rentals coming due during the succeeding fiscal year of the City plus such additional amounts (the "*Additional Rentals*") necessary to operate and maintain the Project during such period. The Base Rentals and the Additional Rentals are hereinafter referred to collectively as the "*Rentals*". The Lease specifically provides, however, that nothing therein shall be construed to require the City to appropriate any money to pay any Rentals thereunder. In addition, the obligation of the City to pay Rentals under the Lease will terminate, without payment of any amounts, if an Event of Nonappropriation or an Event of Default (as each such term is defined in the Lease) shall occur.

Based upon an examination of the aforementioned documents and of such other documents and matters of law as we have deemed relevant and necessary as a basis for the opinions set forth herein, it is further our opinion that:

1. The Issuer is duly organized, validly existing and in good standing as a nonprofit corporation under the laws of the State of Utah and has the authority under the Act to issue the Bonds and to authorize, execute, deliver and perform its obligations under the Bond Documents.

2. The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming the due authorization thereof by the Trustee, the Indenture constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

3. The Lease and the Ground Lease each has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer and the City enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The Deed of Trust has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

5. The Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms (except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought) and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act; and (except to the extent paid out of moneys attributable to Bond proceeds or income from the temporary investment thereof and any payments derived from the exercise by the Trustee of its rights and remedies against the Trust Estate as provided in the Indenture) the Bonds are and will continue to be payable solely from Base Rentals paid by the City under the Lease, which Base Rentals have been duly assigned to the Trustee pursuant to the Indenture and pledged to the payment of principal of and interest on, the Bonds, and such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture. The Base Rentals, which by the terms of the Lease are to be paid by the City to the Trustee, are sufficient for the payment of the principal of, and interest on, the Bonds as the same become due so long as the City exercises its option annually under the Lease to extend the term of the Lease as provided therein.

6. The obligations of the City under the Lease are subject to the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and to the exercise by the United States of America of the powers delegated to it by the federal Constitution.

7. Subject to the condition that the Issuer and the City comply with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "*Code*"). Failure to comply with certain of such Board covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

8. Under the existing laws of the State of Utah, as presently enacted and construed, interest on the Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion as to the title to, the description of, or the perfection, priority or existence of any liens, charges, security interests or encumbrances on the Project.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the Issuer and the City with respect to certain material facts solely within the knowledge of the Issuer or the City. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Enforceability of the Bonds and the Bond Documents may be limited (a) by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought and (b) by the exercise in the future by the State of Utah and its governmental bodies of the police power inherent in the sovereignty of the State of Utah and by the exercise by the United States of America of the power delegated to it by the federal constitution, to the extent that the obligations of the Issuer and the City under the Bonds, the Indenture, the Lease and the Ground Lease are subject to the exercise of such powers.

Very truly yours,

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York NY, will act as securities depository for the Series 2026 Bonds (the “*Bonds*”). The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Series 2026 Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Series 2026 Bonds with DTC and

their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 the Series 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Bond documents. For example, Beneficial Owners of the Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Series 2026 Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026 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 City 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 Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the Series 2026 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Series 2026 Bond certificates will be printed and delivered to DTC.

The information in this appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX F

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY AND UTAH COUNTY

THE CITY

City, County and State Population

<u>Year</u>	<u>The City</u>	<u>% Change From Prior Period</u>	<u>The County</u>	<u>% Change From Prior Period</u>	<u>The State</u>	<u>% Change From Prior Period</u>
2024 Estimate	43,232	12.7%	747,234	3.0%	3,503,613	1.8%
2023 Estimate	38,349	2.9	725,359	2.9	3,443,222	1.5
2022 Estimate	37,268	8.3	704,764	2.7	3,391,011	1.5
2021 Estimate	34,422	3.3	686,038	4.0	3,339,738	2.1
2020 Census	33,337	0.5	659,399	3.6	3,271,616	2.0
2019 Estimate	33,161	2.0	719,174	2.3	3,417,734	1.1
2018 Estimate	32,519	10.1	621,520	2.4	3,153,550	1.7
2017 Estimate	29,527	2.6	606,742	2.8	3,101,042	1.9
2016 Estimate	28,770	1.6	590,288	3.1	3,041,868	2.0
2015 Estimate	28,308	0.0	572,667	2.1	2,981,835	1.5
2010 Census	26,672	—	516,564	—	2,763,885	—

(Source: U.S. Census Bureau; estimates are as of July 1 of the year given.)

UTAH COUNTY

The following demographic information is provided solely as background information regarding the County, the general area where the City is located.

RATE OF UNEMPLOYMENT – ANNUAL AVERAGE

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2024	3.3%	3.2%	4.0%
2023	2.6	2.6	3.6
2022	2.2	2.4	3.6
2021	2.4	2.8	5.3
2020	3.9	4.8	8.1
2019	2.3	2.5	3.7

(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

ECONOMIC INDICATORS IN THE COUNTY

LABOR FORCE ⁽¹⁾	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Labor Force (annual average)	364,286	353,125	344,947	331,915	317,287
Employed (annual average)	352,413	344,042	337,405	323,973	304,982
Unemployed (annual average)	11,873	9,083	7,542	7,942	12,305
Average Employment (Non-Farm Jobs)	311,577	306,985	302,222	288,842	268,803
% Change Prior Year	1.50	1.58	4.63	7.45	0.26
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	1,245	1,130	1,172	1,265	1,222
Mining	301	274	271	256	170
Utilities	883	840	709	659	643
Construction	30,400	29,953	29,726	27,015	25,920
Manufacturing	23,734	23,462	22,937	21,044	19,413
Wholesale Trade	7,147	7,418	7,988	7,838	7,180
Retail Trade	33,824	34,211	34,278	35,993	33,093
Transportation & Warehousing	6,997	6,590	6,486	6,530	5,618
Information	13,187	13,717	15,834	15,073	13,988
Finance & Insurance	8,576	9,440	9,407	9,371	7,177
Real Estate and Rental & Leasing	3,887	3,854	3,583	3,499	3,215
Professional, Scientific & Technical Services	25,763	26,152	26,321	23,555	22,218
Management of Companies & Enterprises	2,925	2,886	2,621	1,919	1,851
Administrative, Support, Waste Management, & Remediation	17,443	16,785	17,683	17,932	16,075
Education Services	48,032	46,879	45,056	43,693	42,968
Health Care & Social Assistance	40,607	38,122	36,066	34,536	32,763
Arts, Entertainment, & Recreation	7,193	6,789	6,195	5,309	4,634
Accommodation & Food Services	24,331	24,036	22,360	20,354	18,444
Other Services & Unclassified Establishments	7,874	7,551	7,063	6,536	5,899
Public Administration	7,229	6,897	6,558	6,465	6,311
Total Establishments	22,573	21,839	21,388	22,372	20,858
Total Wages (\$Millions)	18,706.4	17,721.4	17,122.9	15,498.6	13,729.4

INCOME AND WAGES

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Personal Income (\$000) ⁽²⁾	n/a	41,437,922	38,180,460	35,715,506	31,264,189
Median Household Income ⁽¹⁾	n/a	100,617	95,085	86,597	81,804
Per Capita Income ⁽²⁾	n/a	57,619	54,335	52,065	47,113
Average Monthly Nonfarm Wage ⁽¹⁾	5,003	4,811	4,721	4,471	4,256

SALES & CONSTRUCTION

Gross Taxable Sales (\$000,000) ⁽³⁾	18,479.1	17,737.2	17,488.6	15,630.7	12,811.2
New Dwelling Units ⁽⁴⁾	6,646	6,045	8,555	12,430	8,436
Total Construction Value (\$000) ⁽⁴⁾	2,953,493.9	2,807,188.0	3,432,366.7	4,056,859.5	3,192,226.5
New Residential Value (\$000) ⁽⁴⁾	1,970,316.1	1,724,314.8	2,239,401.0	2,890,112.7	2,056,615.4
New Nonresidential Value (\$000) ⁽⁴⁾	720,835.5	774,011.5	877,996.9	833,194.9	855,962.9

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2024; (3) Utah State Tax Commission; (4) University of Utah Ivory-Boyer Construction Database.)

MAJOR EMPLOYERS IN THE COUNTY

The following is a list of some of the largest employers in the County.

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
Brigham Young University	Higher Education	15,000-19,999
Alpine School District	Public Education	7,000-9,999
Utah Valley Hospital	Hospitals	7,000-9,999
Utah Valley University	Higher Education	5,000-6,999
Nebo School District	Public Education	4,000-4,999
Wal-Mart	Warehouse Clubs and Supercenters	3,000-3,999
State Of Utah	State Government	2,000-2,999
Vivint	Building Equipment Contractors	2,000-2,999
Adobe Systems	Software Publishers	1,000-1,999
Provo School District	Public Education	1,000-1,999
Central Utah Medical Clinic	Health Care	1,000-1,999
Doterra International	Retail Trade	1,000-1,999
Chrysalis Utah	Health Care	1,000-1,999
United Benefits Consulting	Amusement and Recreation	1,000-1,999
Provo City	Local Government	1,000-1,999
Utah County	Local Government	1,000-1,999
Costco Wholesale	Warehouse Clubs and Supercenters	1,000-1,999
Smith's	Supermarkets	1,000-1,999
RBD Acquisition	Janitorial Services	1,000-1,999
Texas Instruments	Computer and Electronic Product Manufacturing	1,000-1,999
Nestle USA	Food Manufacturing	1,000-1,999
Bamboo HR	Custom Computer Programming Services	1,000-1,999
Lehi City	Local Government	1,000-1,999
Qualtrics	Custom Computer Programming Services	500-999

(Source: Utah Department of Workforce Services; last updated October 2025.)