

RESOLUTION NO. 13-20

A RESOLUTION AUTHORIZING AND APPROVING A PREPAYMENT BY LOGAN CITY IN RESPECT OF ADDITIONAL BONDS TO BE ISSUED BY UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS PURSUANT TO THE PAYSON POWER PROJECT POWER SALES CONTRACT; AND RELATED MATTERS.

WHEREAS, Logan City (the "*Member*") is a member of Utah Associated Municipal Power Systems ("*UAMPS*") and has previously entered into the Payson Power Project Power Sales Contract dated as of December 1, 2009, as amended and supplemented (the "*Power Sales Contract*") with UAMPS providing for the purchase and sale of an entitlement share in the output of the Payson Power Project (the "*Project*");

WHEREAS, the Power Sales Contract provides that the Member may make a Prepayment to UAMPS prior to the issuance of any Additional Bonds to finance the Cost of the Project, thereby reducing the Debt Service Costs that would otherwise be payable by the Member (capitalized terms used and not defined in this Resolution shall have the meanings assigned to them in the Power Sales Contract);

WHEREAS, UAMPS has proposed to issue its Payson Power Project Revenue Bonds, Series 2013A and Series 2013B, in order to finance various work and improvements at the Payson Power Project during major maintenance outages at the Payson Power Project (the "*Series 2013 Project*");

WHEREAS, any Prepayment made by the Member will be deposited with Zions First National Bank, as trustee appointed under the Financing Documents (the "*Trustee*"), will be held in a special account and will be used solely for the payment of the Cost of the Series 2013 Project; and

WHEREAS, UAMPS has requested that the Member now elect whether or not to make a Prepayment, and the Member now desires to elect to make a Prepayment in accordance with the provisions of the Power Sales Contract in the amount authorized by this Resolution;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Logan City, as follows:

Section 1. Approval and Authorization of Prepayment. (a) The Member hereby elects to make a Prepayment in an amount equal to \$922,652, which is less than or equal to the product of (i) its Entitlement Share and (ii) the Reference Project Costs (estimated to be approximately \$7,140,000) in accordance with the terms and provisions of the Power Sales Contract. Pursuant to the Power Sales Contract, it is hereby found and determined that amounts used to make such Prepayment are derived from retained earnings of the Participant's electric enterprise fund,

unexpended proceeds of borrowings previously made by the Participant for electric system purposes or other legally available moneys of the Participant, including legally available funds now on deposit in the Member's margin account with UAMPS. The Member's representative to UAMPS is hereby authorized and directed to determine the source of the moneys to be used to make the Prepayment from the sources authorized by this Resolution at such time as shall be directed by UAMPS. It is hereby found and determined that the Participant has deposited or will deposit with the Trustee an amount equal to the estimated amount of the Prepayment to be made by the Participant, all in accordance with the Prepayment escrow instructions provided or to be provided by UAMPS.

Section 2. Miscellaneous; Effective Date. (a) This Resolution is adopted pursuant to the Interlocal Cooperation Act.

(b) This Resolution shall be and remain irrevocable until the expiration or termination of the Power Sales Contract in accordance with its terms.

(c) All previous acts and resolutions in conflict with this resolution or any part hereof are hereby repealed to the extent of such conflict.

(d) In case any provision in this Resolution shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(e) This Resolution shall take effect immediately upon its adoption and approval.

THIS RESOLUTION duly adopted and approved upon this 2 day of April, 2013 by the following vote:

Ayes: Ward, Devzen, Daines, Olson, Quaple.

Nays: none

Absent: none

Holly H. Daines
Holly Daines, Chair

ATTEST:

Sylvia Tibbitts
Sylvia Tibbitts, Deputy City Recorder



Utah Associated Municipal Power Systems



March 27, 2013

Re: Payson Power Project Revenue Bonds
Series 2013A and Series 2013B

To the Payson Power Project Participants:

As discussed in recent meetings of the Project Management Committee (the "PMC"), UAMPS is considering issuing the above-referenced bonds (collectively, the "Series 2013 Bonds") to provide financing for the costs of planned maintenance work and improvements (the "Series 2013 Project") at the Payson Power Project during the 2013, 2014 and 2015 planned maintenance outages. It is expected that the PMC and the Board of Directors will consider approving the issuance of the Series 2013 Bonds at its April meetings. This letter provides you with information regarding decisions that individual Participants will need to make in order to move this financing forward.

PREPAYMENT NOTICE

The Series 2013 Project consists of various work and improvements at the Payson Power Project during the 2013, 2014 and 2015 major maintenance outages at the Payson Power Project. As discussed in the March meetings, UAMPS expects the Series 2013 Bonds will be sold pursuant to a direct purchase transaction.

Under Section 4 of the Payson Power Project Power Sales Contracts, you have the option of making a capital contribution to UAMPS for your share of the costs of the Series 2013 Project (a "Prepayment"). Your Prepayment amount may be equal to or less than your Entitlement Share in the Payson Power Project multiplied by the "Reference Project Costs." For purposes of this notice, we have estimated the Reference Project Costs to be \$7,140,000. The Schedule of Prepayment Amounts attached to this letter lists the Participants in the Payson Power Project, their Entitlement Shares, the estimated Reference Project Costs and the estimated amount of the maximum Prepayment that each Participant can make.

If you elect to make a Prepayment, UAMPS will not issue Series 2013 Bonds to finance your share of the Reference Project Costs to the extent of the Prepayment. You will need to deposit the Prepayment prior to the time UAMPS sells the Series 2013 Bonds to the direct purchaser. Our current schedule calls for the sale of the Bonds in early May. Presently UAMPS expects all Prepayments will need to be deposited by the end of April.

The Power Sales Contract provides that the determination of whether to make a Prepayment is to be made by your city council or other governing body. If you expect that your city council or governing body will want to authorize a Prepayment, please contact me as soon as possible and I will provide you with a form of the necessary resolution.

We have enclosed a short response form (Annex A) for your use to advise us of whether or not you will be making a Prepayment. Please complete and return the form to me at your earliest convenience, but in any event no later than April 11, 2013. If you are electing to make a Prepayment, you must also return to me, by this date, an executed copy of the approving resolution adopted by your governing body. If we do not receive a response from you by this date, you will have waived your right to make a Prepayment. If your city council or governing body needs additional time to determine whether or not to make a Prepayment, please let me know and we will make every effort to accommodate your needs.

As always, please don't hesitate to contact me at any time with any questions or concerns you may have.

Best Regards,

UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

By



Manager of Customer Services

SCHEDULE OF PREPAYMENT AMOUNTS

BASED ON REFERENCE PROJECT COSTS OF \$7,140,000

PARTICIPANT	ENTITLEMENT SHARE (%)	PREPAYMENT AMOUNT
Ephraim	0.9777%	\$ 69,808
Fairview	0.0786	5,612
Hurricane	8.4036	600,017
Hyrum	2.0455	146,049
Kaysville	16.3287	1,165,869
Lehi	15.3316	1,094,676
Logan	12.9223	922,652
Monroe	0.4518	32,259
Mt. Pleasant	0.3614	25,804
Payson	8.0702	576,212
Santa Clara	1.9599	139,937
Spring City	0.0812	5,798
Springville	18.0723	1,290,362
SESD	5.5152	393,785
TDPUD	3.6768	262,524
Washington	<u>5.7232</u>	<u>408,636</u>
TOTAL	<u>100.0000</u>	<u>\$ 7,140,000</u>

ANNEX A

Jackie Coombs
Customer Service Administrator
Utah Associated Municipal Power Systems
155 North 400 West, Suite 480
Salt Lake City, Utah 84103

Re: Payson Power Project—Prepayment Notice

Dear Jackie:

In response to your letter of March 27, please be advised that

[name of Participant]

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will make a Prepayment in the amount of \$_____. The approving resolution, adopted by our governing body, accompanies this Prepayment Notice (or will be sent to you no later than April 15, 2013).

or

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will not make a Prepayment.

Dated: _____, 2013.

Sincerely,

UAMPS Representative