

RESOLUTION NO. 04-07

ROLL CALL

VOTING	YES	NO
MAYOR DALE R. BARNEY <i>(votes only in case of tie)</i>		
MATT D. BARBER <i>Councilmember</i>	X	
PAUL M. CHRISTENSEN <i>Councilmember</i>	X	
EVERETT KELEPOLO <i>Councilmember</i>	X	
SETH V. SORENSEN <i>Councilmember</i>	X	
CHRIS C. WADSWORTH <i>Councilmember</i>	X	

I MOVE this resolution be adopted: Councilmember Sorensen

I SECOND the foregoing motion: Councilmember Kelepolo

RESOLUTION 04-07

A RESOLUTION SETTING FORTH THE INTENTION OF SPANISH FORK CITY, UTAH, TO ISSUE PRIVATE ACTIVITY BONDS TO FINANCE A FACILITY FOR ROCKY MOUNTAIN COMPOSITES, INC. OR SPECTRUM AERONAUTICAL, LLC.

WHEREAS, Spanish Fork City, Utah (the "City"), is authorized and empowered to issue revenue bonds to pay the costs of manufacturing facilities and to loan the proceeds of such revenue bonds to others to provide for the financing, equipping, acquiring and improvement of such a project; and

WHEREAS, Rocky Mountain Composites, Inc. (the "Company") and its preliminary contract purchaser, Spectrum Aeronautical, LLC ("Spectrum") have asked the City to finance the acquisition, construction, equipping, expansion and improvement of real and personal property in connection with a manufacturing facility, including, but not limited to, the manufacture of composite materials and aircraft constructed of components made of such composite materials (the "Project"), to be located within the boundaries of the City, through the issuance of such revenue bonds and the loan of the proceeds thereof to the Company or Spectrum; and

WHEREAS, the City desires to indicate its intention to finance the costs of the Project by the issuance of revenue bonds in a principal amount not to exceed \$10,000,000, said bonds to be payable solely out of revenues to be derived by the repayment by the Company or Spectrum of

such loan from the City; and

WHEREAS, the City's ability to issue tax-exempt bonds to finance such improvements is subject to the requirement that there be an application for available private activity bond allocation ("Allocation"); and

WHEREAS, the City Council has determined and does hereby determine that the financing of the Project will promote the public health, welfare and prosperity of the City by inducing manufacturing facilities to locate, remain or expand in the City and the State of Utah; and

WHEREAS, the Internal Revenue Service has published Section 1.150-2 of the Income Tax Regulations (the "Regulations") dealing with the issuance of Bonds, all or a portion of the proceeds of which are to be used to reimburse project expenditures incurred prior to the date of issuance, which Regulations generally require that prior declaration of official intent be made by the City, as issuer of the Bonds, if the Company or Spectrum intends to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing:

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SPANISH FORK CITY, UTAH, AS FOLLOWS:

Section 1. The City Council of the City, having considered the request of the Company and Spectrum, hereby finds that the assistance it may give will create economic benefit for the City and its inhabitants.

Section 2. In order to induce the Company or Spectrum to undertake expansion of the Company's present facilities and to construct the Project within or near the City, subject to the provisions hereof and the Constitution and laws of the State of Utah, the City hereby declares its intent to, effect the issuance of revenue bonds (the "Bonds") in an aggregate principal amount of not more than \$10,000,000, or such lesser amount as shall be determined and agreed upon between the Company or Spectrum, respectively, and the City, to finance the Project. The Bonds shall not constitute the debt or indebtedness of the City within the meaning of any limitations of the Constitution or statutes of the State of Utah, nor shall the Bonds give rise to a pecuniary liability of the City of a charge against its general credit or taxing power. The Bonds shall be payable solely from and shall be secured by a pledge of revenues derived from and payable by the Company or Spectrum, respectively, pursuant to financing or loan agreements with the City.

Section 3. All costs and expenses incurred in connection with the issuance and the sale of the Bonds shall be the obligations of the Company or Spectrum, unless otherwise determined by the City.

Section 4. Prior to the execution of any finance agreement, loan agreement, indenture or trust, bond purchase agreement or any other necessary documents and agreements in connection with such Bonds, such documents shall be submitted for approval by the City, and if satisfactory to the City, the execution thereof shall be authorized by further action of the City Council

Section 5. Based upon representations of the Company and Spectrum, the City declares that

(a) the Company or Spectrum proposes to undertake the Project; (b) except for (i) expenditures aggregating no more than the lesser of \$100,000 or 5% of the proceeds of the Bonds, (ii) preliminary expenditures (as described in the Regulations) in an amount not to exceeds 20% of the issue price of the Bonds, and (iii) expenditures made not earlier than 60 days before the date hereof, no expenditures for the Project have been made by the Company or Spectrum that will be reimbursed from proceeds of bonds, the interest on which is excluded from gross income for Federal income tax purposes, and (c) the Company and Spectrum reasonably expect to reimburse expenditures for costs of the Project, and that this Resolution is a declaration of official intent adopted pursuant to Section 1.150-2 of the Regulations.

Section 6. The appropriate officers of the City are hereby authorized and directed to provide reasonable and necessary assistance to the Company and Spectrum in making application for Allocation from the State of Utah.

Section 7. All actions heretofore taken by the City and by the officers thereof or on their behalf not inconsistent herewith directed toward the financing of the Project and the issuance and sale of the Bonds are hereby ratified, approved and confirmed.

Section 8. All acts, orders, ordinances, resolutions or parts thereof, taken by the City and in conflict with this Resolution, are hereby repealed except that this repealer shall not be construed so as to revive any act, order, ordinance, resolution or part thereof heretofore repealed.

Section 9. By the passage of this Resolution, the City Council does not intend to approve, nor is it approving hereby, any matters relating to licensing, subdivision zoning, planning or landscaping of the Project. Approval of such matters must be obtained under normal procedures of the City.

Section 10. If any paragraph, clause, section or provision of this Resolution is judicially adjudged invalid or unenforceable, such judgment shall not affect, impair or invalidate the remaining paragraphs, clauses, sections or provisions hereof.

Section.11. This Resolution shall be effective upon its approval by the City Council.

This resolution adopted this day 8th of June, 2004, by the City Council of Spanish Fork City, Utah.


DALE R. BARNEY, Mayor

ATTEST:


KENT R. CLARK, City Recorder

