JOHNNY L. BUTLER
123 East Mahoney
Winslow, Arizona 86047
Phone 289-2444

CHARLES A. PATTERSON
P. O. Box 414
Show Low, Arizona 85901
Phone 338-4312

NORMAN H. TURLEY
318 West Arizona
Holbrook, Arizona 86025
Phone 524-3814

BOARD OF SUPERVISORS

Navajo County

HOLBROOK, ARIZONA 86025

SHERWOOD J. RODGERS
County Administrator

CONNIE J. MAZON
Clerk

RESOLUTION NO. 77-A-79

CLAIMING THE BENEFITS OF A.R.S. 11-258

WHEREAS, pursuant to A.R.S. 11-258, the Navajo County Board of Supervisors appropriated the sum of 88,642.00 as the County Fair Fund for the fiscal year 1979-1980; and,

WHEREAS, these monies have been expended in the aid of a County Fair conducted under the auspices of the Navajo County Fair Commission, a non-profit corporation, in all respects qualifying under A.R.S 11-258 (B); and,

WHEREAS, the County now wishes to receive the sum of $1,000.00 from the General Fund of the State of Arizona, to assist in the financing of said Fair;

NOW THEREFORE, IT IS UNANIMOUSLY RESOLVED by the Navajo County Board of Supervisors that this Board claim benefits provided under A.R.S. 11-258 (C), and that this fact be made known to the State Fair Commission. The Clerk is hereby directed to certify a copy of this Resolution and forward it immediately to the Fair Commission in order to insure a favorable response to this request.

DONE at Holbrook, Navajo County, Arizona, this 30th day of October, 1979.

NAVAJO COUNTY BOARD OF SUPERVISORS

Norman H. Turley

Norman H. Turley, Chairman

Johnny L. Butler

Johnny L. Butler, Member

Charles A. Patterson

Charles A. Patterson, Member

ATTEST:

Connie J. Mazon

Connie J. Mazon, Clerk

CC: Navajo County Fair Commission

CERTIFICATION

I, Connie J. Mazon, Clerk of the Board of Supervisors of Navajo County, Arizona, do Hereby Certify that I have compared the foregoing copy of a Resolution # 77-79 with the original records of the same in this office, and that the same are correct transcripts therefrom, and the whole of said original records.

WITNESS my hand and Seal of the Board this 30th day of October 1979.

Connie J. Mazon

Connie J. Mazon, Clerk
Navajo County Board of Supervisors

Navajo County FAIR

NAVAJO COUNTY
BOARD OF SUPERVISORS

Norman Turley, Chairman
Johnny Butler
Charles A. Patterson
Connie Mazon, Clerk

4-H - HOME ECONOMICS - AGRICULTURE - RACING - RODEO

P. O. BOX 309 - HOLBROOK, ARIZONA 86025
TELEPHONE (602) 524-6407

FAIR EXECUTIVE BOARD

Mary Hardt, Chairman Jay DeSpain, Vice-Chairman Loretta Willis, Secretary

October 24, 1979

The Navajo County Board of Supervisors
South Hwy 77
Holbrook, Az. 86025

Dear Mr. Turley, Mr. Butler, & Mr. Patterson:

The Navajo County Fair Commission wishes to make an application to the Arizona State Fair Commission for an appropriation in the amount of one thousand ($1,000.00) dollars to aid in the production of the 1979 Navajo County Fair.

The required procedure for making the request is outlined in the Arizona Revised Statutes, Section II-258, Book 3, Section C, wherein it states it is required that we (The Fair Commission) secure sanction of your office in writing verifying the fact a County Fair was held. This Certified Copy should also show that the amount of funds allocated by the County toward the promotion of the Fair is at least equal to the amount requested from the State Fund.

This additional assistance will be directed toward the cost of building the Navajo County Booth for the Arizona State Fair.

The Certification should be in duplicate, one Copy for our files and one Copy to send with the request to the Arizona State Fair Commission.

We will thank you for your prompt attention to this matter.

Sincerely,
Navajo County Fair Commission

C. Frank Perkins

C. Frank Perkins, Director
Navajo County Fair

RESOLUTION NO. 77-79

A RESOLUTION DETERMINING UNPAID ASSESSMENTS
AND PROVIDING FOR ISSUANCE OF BONDS

TIMBERLAKE PINES UNIT 2 IMPROVEMENT DISTRICT

PROJECT 77-1

$83,000 IMPROVEMENT BONDS, SERIES 1979-A

RESOLVED, by the Board of Directors of the Timberlake Pines Unit 2 Improvement District, Navajo County, Arizona, that

WHEREAS, this Board did on October 3, 1977, pass and adopt its Resolution No. 77-6, A Resolution of Intention to Acquire and Construct Improvements, relating to the acquisition and construction of public improvements in said District under and pursuant to the provisions of the County Improvement District Law (Article 1.1, Chapter 5, Title 11, Arizona Revised Statutes), and did therein provide that serial bonds would be issued pursuant to the provisions of said Law, reference to said Resolution of Intention hereby being expressly made for further particulars;

WHEREAS, notice of the recordation of the assessment and of the time within which assessments may be paid in cash has been duly published and mailed in the manner provided by law, and the time so provided for receiving payment of assessments in cash has expired, and the Superintendent of Streets of said County, as ex officio Superintendent of Streets of this District, has filed with the Clerk a certified list of all assessments whjich now remain unpaid, as provided in Section 11-727, Arizona Revised Statutes, and

WHEREAS, the Board has duly considered said list and has determined that the same is an accurate statement thereof;

NOW, THEREFORE, IT IS HEREBY ORDERED, as follows:

Part 1. The Assessment

1.1. Unpaid List. That the assessments now remaining unpaid, and the aggregate thereof, are as shown on said list and on Exhibit "A" hereto attached and by reference made a part hereof.

1.2 Description of Parcels. That for a particular description of the lots or parcels of land bearing the respective assessment numbers set forth in said list, and upon which assessments remain unpaid, severally and respectively, reference is hereby made to the assessment and to the diagram recorded in the office of the Superintendent of Streets of said County, as ex officio Superintendent of Streets of this District, after confirmation by this Board, the several lots or parcels of land represented by said assessment numbers being so numbered and designated upon said diagram and assessment as so confirmed and recorded, severally and respectively.

Part 2. The Bonds

2.1. The Bonds. That the unpaid list is in an amount in excess of $83,000 and bonds of Series 1979-A shall be issued upon the security of said unpaid assessments in the amount of $83,000, in accordance with the provisions of said Law and under and pursuant to the provisions of said Resolution of Intention and the proceedings thereunder duly had and taken. Said bonds shall be dated December 1, 1979, be designated Series 1979-A, be 83 in number, be payable at the office of the Treasurer of said County, as ex officio Treasurer of this District, in Holbrook, Arizona, and bear interest from their date to their respective dates of maturity at the rate of eight and one-half percent (8 1/2%) per annum, represented by coupons payable on July 1 and January 1 in each year, commencing on July 1, 1980, and the denomination of said bonds and their respective numbers and dates of maturity are as shown on Exhibit "B" hereto attached and made a part hereof by reference.

2.2. Execution; Form. The bonds shall be signed on behalf of the District by the Chairman of this Board and attested by its Clerk, the official seal of the District shall be affixed to the bonds, and the coupons attached thereto shall be executed by said officers. Such signatures may be reproduced on the bonds and coupons by engraved, printed or lithographed facsimile thereof, except that the Clerk shall manually sign the bonds, and such signing and sealing shall constitute and be a sufficient and binding execution of each and every one of said bonds and coupons thereof, respectively. Said bonds and interest coupons shall be substantially in the form attached as Exhibit "C" and by reference made a part hereof, the blank spaces therein to be filled in to conform to the provisions of this resolution. If any officer whose signature or countersignature appears on the bonds or coupons ceases to be such officer before delivery of the bonds, his signature is as effective as if he had remained in office.

2.3. Bond Fund. Said bonds shall be issued in series, and the unpaid assessments as shown on said list and determined by this Board, together with the interest thereon, shall remain and constitute a trust fund for the redemption and payment of said bonds and of the interest which may be due thereon, which unpaid assessments shall be taxable in annual series corresponding in number to the annual serial maturities of the bonds issued, and an annual proportion of each assessment shall be payable in each year preceding the date of the maturity for each of the several bonds issued, and such proportion of each assessment coming due in any year, together with the annual interest thereon, shall be payable in installments as the general taxes of the District on real property are payable, and shall become delinquent at the same time and in the same proprotionate amounts and bear the same proportionate penalties for delinquency. Said annual installments of the assessments and of the interest thereon when collected shall be placed in a special

fund to be so entitled or numbered as to identify it as the Bond Redemption Fund for all bonds issued pursuant to said Resolution of Intention, which the District hereby covenants and agrees to maintain, and shall be used for no other purpose than the payment of the principal of and interest on the bonds.

2.4. Construction Fund. The County Treasurer and ex officio District Treasurer has created and will maintain a special fund so entitled or numbered as to identify it as the Timberlake Pines Unit 2 Improvement District Project No. 77-1, or such other designation as he shall determine, by which he shall keep an accurate account of all moneys of the District paid to him for said fund, and of all disbursements therefrom to pay the cost of acquiring and constructing improvements and of the expenses incidental thereto and to these proceedings. The Treasurer shall deposit in said fund the proceeds of the sale of the bonds of this series. The Construction Fund shall be used exclusively for the purposes and objects for which the bonds have been authorized, and as provided by law.

Part 3. Registration

3.1. Bonds Registrable. The bonds of this issue are registrable as to principal only. The registration may be assigned or canceled. Unless registered, the bonds are negotiable instruments transferable by delivery.

3.2. Clerk is Registration Officer. Registration of bonds shall be by the Clerk.

3.3. Registration Book. The registration shall be entered by the Clerk in a separate book, disclosing the name and address of the holder, the number and amount of the bond, the date of registry and other information as deemed necessary.

3.4. Registration Certificate. The Clerk shall endorse upon each registered bond a certificate, signed by her, that the principal is payable to the registered holder only, naming him, or

his legal representative. There shall be printed on the outside of the bond a form of certificate to be used by the Clerk, which shall be substantially as set forth in Exhibit "C".

3.5. Coupons Remain Negotiable. The coupons shall remain negotiable and payable to bearer, but the principal shall be paid only to the registered holder or his legal representative.

3.6. Assignment or Cancellation of Registration. The registered holder of a bond may, either in person or by a bank or trust company authorized to do business in the State of Arizona, present the bond to the Clerk with a written request endorsed on the bond that the bond be registered in the name of another person, or that the registry be canceled and the bond be again made payable to bearer. Upon such request the Clerk shall cancel the former registration and register the bond in the name of the person designated in the request, and shall endorse upon the bond a certificate as required of an original registration. If the bond is to be made payable to bearer, the registration shall be canceled and the certificate upon the bond shall keep a record thereof in a book provided for that purpose.

Part 4. Division of Assessments

4.1. Written Modification. After an assessment has been approved by the Board and after bonds have been issued to represent assessments, all persons interested in any lot assessed and in any assessment may request the Board, by a duly acknowledged written instrument, to modify or correct the assessment by dividing it equitably among two or more parts of a former parcel.

4.2. Order for Modification. The Board may, and if it finds said apportionment to be equitable shall, order the modification on the record of the assessment in the office of the Superintendent of Streets.

4.3. Filing Order with Clerk and Treasurer. If bonds have been issued, copies of said order shall be filed with the Clerk and the Treasurer, and the Board's record of the assessment shall be modified accordingly.

4.4. Consent of First Bondholer. When bonds have been issued, the consent of the original purchaser of the bonds from the District shall be accepted in lieu of the consent of all persons interested in the assessment.

4.5. Unaffected Rights. The modifications of any assessment shall not affect the right of any property owner who has not joined in the request.

Part 5. General Provisions

5.1. Certificate of Performance. It is hereby certified and declared that the improvement for which this series of bonds is issued is authorized by law, that all the acts, conditions and things required to be done, precedent to and in the issuing of this series of bonds, have been done and performed in regular and due form as required by the laws of the State of Arizona, and all ordinancese and resolutions of said District, that the annual installments of the special assessments out of which said bonds are to be paid are first liens on the property assessed, coequal with the lien of general taxes, not subject to extinguishment by a sale for nonpayment of general taxes, prior and superior to all demands, executions, encumbrances, titles or liens whensoever created, including the lien of all special assessments thereafter levied, and any bona fide purchaser for value of the bonds has the right to rely on the recitals herein contained.

5.2. Bonds Incontestable. After the sale and delivery of the bonds by the District, the bonds and coupons appertaining thereto shall be incontestable by the District.

5.3. Unconditional Obligation. Nothing in this resolution or in the bonds or in the coupons contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the bonds to the respective holders of the bonds and coupons at the respective dates of maturity, or upon prior redemption, as herein provided, out of the special redemption fund to be collected from special assessments imposed on the lots and parcels of land within the District, or affect or impair the right of action, which is also absolute and unconditional, of such holders to institute suit to enforce such payment by virtue of the contract embodied in the bonds and coupons.

5.4. Performance of Essence. The performance of the duties prescribed in this resolution and in the law pursuant to which it was adopted, by the District or its proper officers, agents or employees, is of the essence of the District's contract with the bondholers.

5.5. Recourse to Bond Law. Each taker and subsequent holder of the bonds and attached or detached coupons has recourse to all of the provisions of this resolution and of the County Improvement District Law, and is bound by their terms.

5.6. Resolution is Covenant. Each and all of the terms of this resolution shall be and constitute a covenant on the part of the District to and with each and every bondholder from the time the bonds are issued hereunder.

5.7. Period of Agreement. Whenever all of the bonds and all interest to accrue thereon shall have been fully paid and discharged, the agreements in this resolution contained shall cease and terminate, and the District shall be under no further obligation to do or perform any of the covenants, conditions or agreements in this resolution contained.

5.8. Legality. If any section, subsection, sentence, clause or phrase of this resolution be for any reason held to be

unconstitutional, such decision shall not affect the validity of the remaining portions hereof. The Board hereby declares that it would have passed this resolution and each section, subsection, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared to be unconstitutional.

5.9. Construction. This resolution shall be liberally construed to the end that its purpose may be affecterd. No error, irregularity, informality, and no neglect or omission herein or any proceeding had pursuant hereto which does not directly affect the jurisdiction of the Board shall void or invalidate this resolution or such proceeding or any part thereof, or any act or determination made pursuant thereto.

Part 6 Pledge, Covenant and Certificate

6.1. Pledge of Faith and Diligence. For the assessment or reassessment, collection and payment of said special assessments, the full faith and diligence of the District are hereby irrevocably pledged.

6.2. Covenant. The District hereby covenants that if any surplus is realized when all of the improvements shall have been acquired and constructed, such surplus shall, prior to the expiration of a three (3) year period beginning with the date of issue of the improvement bonds of which such surplus is original proceeds, be credited proportionately upon the assessments and return to those who shall have paid in cash or assignees, or in the event of an insufficiency of cash payments, credited on assessments which will go to bond or are still then subject to the bond lien, or in the event that any of such is retained subsequent to expiration of the applicable temporary period, such shall not be invested in such a manner as would constitute the bonds "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954 and temporary, proposed or final regulations thereunder.

6.3. Use of Proceeds Certificate. A certificate as to the reasonably expected use by the District of the proceeds of the Bonds of this Series within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, will be provided to the purchaser at the time of delivery of the Bonds of this Series.

6.4. Copy to County Treasurer. A certified copy of this resolution shall be filed with the County Treasurer and ex officio Treasurer of this District.

* * * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Directors of the Timberlake Pines Unit 1 Improvement District, on the 27th day of November, 1979, by the following vote:

AYES, and in favor thereof, Directors:

NOES, Directors:

ABSENT, Directors:

Connie Mazon

Clerk of the Board

(SEAL)

BOND PURCHASE AGREEMENT

THIS AGREEMENT, by and between ROBERT L. BAYLESS, an Arizona resident, hereinafter referred to as "Purchaser," and TIMBERLAKE PINES UNIT 2 IMPROVEMENT DISTRICT, an Arizona county improvement district, hereinafter referred to as "Issuer";

W I T N E S S E T H :

WHEREAS, Issuer has been organized to provide a water distribution system ("System") to properties within the Issuer's jurisdiction in Navajo County, Arizona;

WHEREAS, the Arizona Water Company, an Arizona public service corporation has agreed to construct and operate said system;

WHEREAS, the Board of Directors of Issuer has undertaken proceedings pursuant to its Resolution of Intention No. 77-6, to authorize the construction of said system beneficial to said properties, and desires to make provision for the sale of its improvement bonds to provide the moneys not provided by cash payments upon assessments to pay for such improvements and the incidental expenses of the proceedings; and

WHEREAS, Purchaser desires to purchase said improvement bonds;

NOW, THEREFORE, the parties hereto agree as follows:

1. Sale and Purchase. Issuer shall sell to Purchaser, and Purchaser shall purchase from Issuer, the improvement bonds secured by and in the total amount of said unpaid assessments, but not exceeding $83,000.

2. Improvement Bonds. The improvement bonds shall be in a single series, designated Series 1979-A, shall be in denominations of $1,000, shall be dated no more than 30 days prior to

the date of delivery, and shall mature on July 1 in the years and amounts, for the respective annual maturities, designated in Exhibit "A" hereto.

3. Interest. The improvement bonds shall bear interest from their date until they each mature at the rate of eight and one half percent (8 1/2%) per annum, represented by coupons payable July 1, 1980, and semiannually thereafter, on January 1 and July 1 of each year. The bonds and coupons shall continue to bear interest after maturity at the rate of eight and one half percent (8 1/2%) per annum, if presented at maturity and payment is refused upon the sole ground that there are not sufficient moneys in the redemption fund with which to pay same.

4. Purchase Price. The purchase price to be paid for the improvement bonds shall be ninety-five percent (95%) of the par value thereof, plus accrued interest from the date of the bonds to the date of delivery.

5. Disposition of Proceeds. The proceeds from the sale of improvement bonds, except as provided in the next sentence, shall be deposited, together with any cash payments upon assessments, in a special fund administered by the Treasurer, and used to pay incidental expenses, and advanced to Arizona Water Company as provided in the Agreement Respecting Construction, operation and Maintenance of Water System, dated August 21, 1979, however the Issuer and such company, or otherwise disbursed for the completion of improvements. The amount of the accrued interest plus interest from date of delivery to July 1, 1980, shall be deposited in the bond principal and interest redemption fund, and disbursed as required to pay maturing interest coupons.

6. Place and Method of Payment. The improvement bonds and interest coupons shall be apyable in lawful money of the United States, at the office of the Treasurer of Navajo County, the ex officio Treasurer of the Issuer, Navajo County Government Center, Holbrook, Arizona.

7. Negotiability; Registrability. The improvement bonds shall be negotiable instruments payable to bearer, transferable by physical delivery and registrable as to principal. Registered improvement bonds shall be assignable and the registration cancelable. Interest coupons of registered improvement bonds shall remain negotiable.

8. Prepayment. The maturity of any improvement bond may be advanced to any interest payment date and the bond retired at par plus a premium of five percent (5%) thereof and the payment of interest to the redemption date.

9. Collection of Assessments. The unpaid assessments shall be collected in annual installments together with interest on the reducing balances, on the tax roll on which general taxes of the State of Arizona and the County of Navajo on real property are collected, and shall be payable and become delinquent at the same time and in the same proportionate amounts and shall bear the same proportionate penalties and interest and be subject to the same provisions for redemption and sale as are properties for the nonpayment of general State and County taxes.

10. Proceedings. The improvement bonds shall be issued pursuant to said Resolution of Intention and Article 1.1, Chapter 5, Title 11, Arizona Revised Statutes, the County Improvement District Law.

11. Delivery. The improvement bonds of Series 1979-A shall be delivered and paid for in cash at a closing to be held at a date and time agreeable to Purchaser and Issuer, but no later than December 31, 1979, at the offices of a bank in Holbrook, Arizona, unless otherwise agreed. At the closing, Purchaser shall acknowledge receipt of the improvement bonds delivered, and Issuer shall acknowledge receipt of the purchase price paid, and shall deliver a signature and no-litigation certificate in usual form, the legal opinion and a certified transcript of the bond proceedings.

12. Legal Opinion. The Issuer shall furnish the legal opinion of Wilson, Morton, Assaf & McElligott, San Mateo, California, approving the validity of the improvement bonds, and stating that interest thereon is exempt from taxation by the United States of America under then-present Federal income tax laws and also from all State income and local property taxes under all Arizona statutes, regulations and court decisions.

13. Costs. The legal opinion and the cost of printing the improvement bonds shall be paid for by the Issuer.

14. Special Representations and Agreements of Purchaser.

(a) The Purchaser acknowledges that he is aware of the provisions of Section 44-1843.01, Arizona Revised Statutes, providing, among other things, that the exemption from certain provisions of Chapter 12, Title 44 (commencing with Section 44-1801), Arizona Revised Statutes, for securities issued by political subdivisions of the State of Arizona and their agencies or instrumentalities does not apply to bonds of the nature of these bonds unless certain filings are made with the Arizona Corporation Commission, a summary of the nature of which is attached hereto as Exhibit "A", and that a substantial reason for the agreement of the Issuer to sell the bonds to the Purchaser is that the Purchaser will accept the bonds without such filings, and without any agreement on the part of the Issuer to make or cause such filings to be made in the future.

(b) The Purchaser further acknowledges that the transaction by which the bonds are sold hereby to the Purchaser is exempt under said Chapter 12, Title 44, Arizona Revised Statutes, by reason of the exemption for transactions by an issuer not involving any public ~~hearing~~ offering, and in that regard, Purchaser represents that (1) he is a person of considerable wealth and is well experienced as an investor in improvement bonds similar to the bonds sold hereby, and with respect to these bonds, is purchasing for his own account and not on behalf of any other person or entity, has inspected the District and the property assessed

and has otherwise satisfied himself as to the nature and quality of the security for these bonds, and does not desire to have the opportunity to ask questions of, and receive answers from, the Issuer and to obtain any additional information necessary to verify the accuracy of information otherwise obtained, and that the Issuer has not been asked to and has made no representations or warranties with respect thereto, (2) and has not been asked to and has provided no financial statements, that in the negotiations for the purchase of these bonds, he has been represented by Mr. Douglas Cossett of Buchanan & Co., Inc., an experienced dealer in bonds similar to the bonds sold hereby, whose fees, commissions and other charges for such assistance he is solely responsible, and who has aided him in the evaluation of the merits and risks of investment in these bonds; (3) that he has full knowledge of the economic risk of acquiring bonds similar to these bonds, especially when the exemption for securities issued by political subdivisions of the State of Arizona and their agencies or instrumentalities is not applicable; and (4) that he has full knowledge that he cannot sell these bonds without qualifying the bonds or the transaction under some other provision, if any, of said Chapter 12, Title 44, Arizona Revised Statues.

(c) The Purchaser hereby agrees not to sell or otherwise redistribute the bonds hereby sold to him without first qualifying the bonds or the transaction under some provision, if any, of said Chapter 12, Title 44, Arizona Revised Statutes, and furthermore agrees that the bonds shall bear an legend indicating that the bonds have not qualified for the exemption for securities of political subdivisions of the State of Arizona or agencies instrumentalities, under said Chapter 12, Title 11, Arizona Revised Statutes, and setting forth or referring to the restrictions on transfer ability and sale.

15. Special Representation of Issuer. Issuer hereby represents that there is no material relationship between Douglas Cossett or Buchanan & Co., Inc., or any affiliate of either of them and the Issuer or its affiliates which presently exists or is mutually understood to be contenplated or which has existed at any time during the previous two years.

15. Reservation. Nothing herein shall be deemed to preclude the Issuer from offering additional bonds on a parity with the bonds sold hereby to the extent necessary to complete the water system and pay all costs and expenses. Issuer agrees to notify Purchaser of any such contemplated additional bonds and negotiate with Purchaser for their purchase, without being obligated, however, to sell the same to Purchaser.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the 27th day of November, 1979.

ATTEST:

ROBERT BAYLESS

_____

Notary Public

_____

TIMBERLAKE PINE UNIT 2 IMPROVEMENT DISTRICT, an Arizona county improvement district

ATTEST:

Connie Mazon
Clerk

By Norman W. Turley
Chairman

Buchanan & Co., Inc., acknowledges that by Mr. Douglas Cossett, it has served as advisor to and representative of the Purchaser herein identified and that it has not offered, offered to sell, offered for sale or sold the securities referred to on behalf of the Issuer nor has it nor Mr. Cossett, nor any affiliates of either, any material relationship with the issuer or its affiliates, now existing or mutually understood to be comtemplated, or which has existed at any time during the previous two years.

Buchanan & Co., Inc.,

By_____

SUITE 313
6900 E. CAMELBACK
SCOTTSDALE, AZ. 85251
602 - 994-9009

BUCHANAN & CO., INC.

Investment Bankers

HOME OFFICE
SUITE 1120, BANKERS TRUST BUILDING
JACKSON, MISSISSIPPI 39205

SUITE 601
4400 E. BROADWAY
TUCSON, AZ. 85711
602-795-0773

Board of Directors
Timberlake Pines, Unit #2 Impr. Distr.
Navajo County Governmental Complex
Holbrook, AZ 86025

September 17, 1979

Gentlemen:

For your legally issued Timberlake Pines, Unit #2 Improvement District bonds, in the amount of $83,000.00, we submit the following bid:

Amount	Maturity	Interest Rate
6,000	7/1/81	8.50%
6,000	7/1/82	8.50%
7,000	7/1/83	8.50%
7,000	7/1/84	8.50%
8,000	7/1/85	8.50%
8,000	7/1/86	8.50%
9,000	7/1/87	8.50%
10,000	7/1/88	8.50%
11,000	7/1/89	8.50%
11,000	7/1/90	8.50%

Buchanan & Co., Inc. will pay $78,850.000 plus accrued interest from October 1, 1979.

For your information but not as part of the bid, we furnish the following information:

Net Interest Cost: 9.2290

Respectfully Submitted
Buchanan & Co., Inc.

by: Douglas M. Cassitt

A

DISCLOSURE GUIDELINES FOR IMPROVEMENT DISTRICTS

1. Legal name of issuer
2. Descriptive title of the offering
3. Total amount of issue
4. Date of issue
5. Date of maturity, (or the date and principal amount by maturity in columnar form for serial bonds)
6. Rate, date and place of interest payment
7. Disclosure of all risk factors
8. Whether or not the securities are to be rated and by whom
9. Disclosure of any security for the bonds
10. Provisions for early retirement of the bonds
11. Description of any sinking fund or mandatory redemption provisions
12. Statutory authorization for the bond issue (including a copy of the document evidencing such authorization)
13. Statement regarding the percentage of people who signed the petition authorizing the organizing of the district
14. Copy of the Bond Purchase Agreement
15. Copy of Trust Indenture
16. Whether or not the bonds and/or coupons will be registered
17. Taxability of interest on the bonds
18. Legal description of the location including map showing area and adjacent area
19. Statement as to whether the property is raw land, subdivided, etc., and the extent to which the property is developed
20. Availability of utilities and roads to lots within the district
21. Specific use of proceeds and description of the project
22. Background information about the improvement district - including statutory authorization therefore, district officers, prior bond issues

EXHIBIT B

23. Dollar amount of delinquent assessments on prior bonds, length of delinquency and percentage of property in district affected thereby

24. The full cash value, the assessed valuation, the tax rate, the school district and the zoning of the property

25. Name of the property owner(s)

26. Amount of the total obligation of the improvement district for the project

27. Amount of assessment for each individual lot for this bond issue

28. Amounts of any other assessments or obligations for property in the district

29. Any contingent obligations

30. Disclosure of any potential increase in assessments for any reason (including change orders in engineering estimates, etc.)

31. Remedies and procedure upon default by any of the property holders in the district

32. Whether or not there is any recourse to general taxes

33. Basis for the award of any construction contract and material terms thereof

34. The name of the developer, his training, background and financial condition

35. Any conflicts of interest

36. Audited financial statements of the developer (if appropriate)

37. Copy of Opinion of Bond Counsel as to the validity of the proposed offering

38. Legend on the cover page of the offering circular that the bonds are not a charge against the general credit or taxing power of the issuer or any other political subdivision thus bonds are payable only from revenues derived from a special cource (i.e., special assessments)

39. Legends as required by Arizona Rule R14-4-118(A) and (B)

40. Information required by A.R.S. §44-1894 (where appropriate)

41. Disclosure of any litigation

LIST OF UNPAID ASSESSMENTS

TIMBERLAKE PINES UNIT TWO IMPROVEMENT DISTRICT

PROJECT NO. 77-1

WHEREAS, an assessment and diagram were recorded in the office of the Superintendent of Streets of the County of Navajo, Arizona, as ex officio Superintendent of Streets of the Timberlake Pines Unit Two Improvement District, on October 3, 1977, for the acquisition and construction of the improvements described in Resolution of Intention No. 77-6, adopted by the Board of Directors of said District on August 30, 1977; and

WHEREAS, notice of the recordation of said assessment and of the time and place where and within which said assessments were to be paid has been duly given in the time and form provided by law, and certain of said assessments have been paid in whole or in part;

NOW, THEREFORE, I, JIM BRUCE, do hereby certify that the list hereinafter set forth is a true, correct and complete list of all assessments unpaid upon said assessment, and is hereby made and filed by me according to law, and said list with the respective assessment and diagram numbers of the lots or parcels of land assessed, and the amounts unpaid thereon, is as hereinafter set forth in Exhibit "A".

The total or aggregate amount of assessments unpaid is $83,075.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 27th day of November, 1979.

Jim Bruce

JIM BRUCE, Superintendent of Streets of Navajo County, as ex officio Superintendent of Streets of Timberlake Pines Unit Two Improvement District

I hereby certify that the list of unpaid assessments hereto attached was filed with me by the Superintendent of Streets of Navajo County on November 27, 1979.

Connie Mazon

CONNIE MAZON, Clerk of the Board of Supervisors of Navajo County as ex officio Clerk of the Board of Directors of Timberlake Pines Unit Two Improvement District

I hereby certify that payments upon said assessment aggregating $31,457.00 have been collected; that excepting for said payments no other payments were made; that upon the reduction of assessments ordered November 27, 1979, $5,258.00 of such amount is subject to refund; and that the above certificate of the Superintendent of Streets is correct.

JAY DESPAIN, County Treasurer
of Navajo County, Arizona, as
ex officio Treasurer of Timberlake Pines Unit Two Improvement
District

ASSESSMENT

OWNERS	Diagram and Assessment Numbers	ASSESSED UPON			TOTAL ASSESSMENTS		PAYMENTS		CERTIFIED UNPAID
			LOT	Subdivision	Dollars	Cts.	Dollars	Cts.	
Unknown	1		1	Timberlake Pines Unit Two	1400	.00	-0-		"
Unknown	2		2		1400	.00	-0-		"
Unknown	3A		S 1/2-3	"	737	.00	20	.00	717.00
Unknown	3		N 1/2-3	"	737	.00	895	.00	-0-
Unknown	4		4	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	5		5	"	1400	.00	-0-		"
Unknown	6		6	"	1400	.00	-0-		"
Unknown	7		7	"	1400	.00	-0-		"
Unknown	8		8	"	1400	.00	400	.00	1000.00
Unknown	9		9	"	1400	.00	100	.00	1300.00
Unknown	10		10	"	1400	.00	1700	.00	-0-
Unknown	11		11	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	12		12	"	1400	.00	-0-		"
Unknown	13		13	"	1400	.00	-0-		"
Unknown	14		14	"	1400	.00	-0-		"
Unknown	15		15	"	1400	.00	1700	.00	-0-
Unknown	16		16	"	1400	.00	1700	.00	-0-
Unknown	17		17	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	18		18	"	1400	.00	1700	.00	-0-
Unknown	19		19	"	1400	.00	1700	.00	-0-
Unknown	20		20	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	21		21	"	1400	.00	1700	.00	-0-
Unknown	22		22	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	23		23	"	1400	.00	-0-		"
Unknown	24		24	"	1400	.00	-0-		"

EXHIBIT "A"

ASSESSMENT

OWNERS	Diagram and Assessment Numbers	ASSESSED UPON			TOTAL ASSESSMENTS		PAYMENTS		CERTIFIED UNPAID
			LOT	Subdivision	Dollars	Cts.	Dollars	Cts.	
Unknown	25		25	Timberlake Pines Unit Two	1400	.00	-0-		"
Unknown	26		26		1400	.00	-0-		"
Unknown	27		27	"	1400	.00	-0-		"
Unknown	28		44	"	1400	.00	1700	.00	-0-
Unknown	29		45	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	30		46	"	1400	.00	-0-		"
Unknown	31		47	"	1400	.00	-0-		"
Unknown	32		48	"	1400	.00	1700	.00	-0-
Unknown	33		49	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	34		50	"	1400	.00	-0-		"
Unknown	35		51	"	1400	.00	-0-		"
Unknown	36		52	"	1400	.00	50	.00	1350.00
Unknown	37		53	"	1400	.00	100	.00	1300.00
Unknown	38		54	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	39		55	"	1400	.00	-0-		"
Unknown	40		56	"	1400	.00	-0-		"
Unknown	41		57	"	1400	.00	-0-		"
Unknown	42		58	"	1400	.00	-0-		"
Unknown	43		59	"	1400	.00	1700	.00	-0-
Unknown	44		60	"	1400	.00	200	.00	1200.00
Unknown	45		61	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	46		62	"	1400	.00	792	.00	608.00
Unknown	47		63	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	48		64	"	1400	.00	1700	.00	-0-
Unknown	49		65	"	1400	.00	1700	.00	-0-

ASSESSMENT

OWNERS	Diagram and Assessment Numbers	ASSESSED UPON			TOTAL ASSESSMENTS		PAYMENTS		CERTIFIED UNPAID
			LOT	Subdivision	Dollars	Cts.	Dollars	Cts.	
Unknown	50		66	Timberlake Pines Unit Two	1400	.00	-0-		"
Unknown	51		67		1400	.00	-0-		"
Unknown	52		68	"	1400	.00	1700	.00	-0-
Unknown	53		69	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	54		70	"	1400	.00	-0-		"
Unknown	55		71	"	1400	.00	-0-		"
Unknown	56		72	"	1400	.00	-0-		"
Unknown	57		73	"	1400	.00	-0-		"
Unknown	58		74	"	1400	.00	1700	.00	-0-
Unknown	59		75	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	60		76	"	1400	.00	-0-		"
Unknown	61		77	"	1400	.00	-0-		"
Unknown	62		78	"	1400	.00	-0-		"
Unknown	63		79	"	1400	.00	1700	.00	-0-
Unknown	64		80	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	65		81	"	1400	.00	-0-		"
Unknown	66		82	"	1400	.00	-0-		"
Unknown	67		97	"	1400	.00	-0-		"
Unknown	68		98	"	1400	.00	1700	.00	-0-
Unknown	69		99	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	70		100	"	1400	.00	1700	.00	-0-
Unknown	71		101	"	1400	.00	1700	.00	-0-
Unknown	72		102	"	1400	.00	-0-		CERTIFIED UNPAID
Unknown	73		103	"	1400	.00	-0-		"
Unknown	74		104	"	1400	.00	-0-		"

ASSESSMENT

OWNERS	Diagram and Assessment Numbers	ASSESSED UPON			TOTAL ASSESSMENTS		PAYMENTS		CERTIFIED UNPAID
			LOT	Subdivision	Dollars	Cts.	Dollars	Cts.	
Unknown	75		105	Timberlake Pines Unit Two	1400	.00	-0-		"
Unknown	76		106		1400	.00	-0-		"
Unknown	77		107	"	1400	.00	-0-		"
Unknown	78		108	"	1400	.00	-0-		"
Unknown		GRAND TOTAL			$109274	.00			
Unknown									
Unknown									
Unknown									
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TIMBERLAKE PINES UNIT 2 IMPROVEMENT DISTRICT

83,000 BONDS OF SERIES 1979-A

Bond Number	Principal Amount	Date of Maturity July 1
1-6	$ 6,000	1981
7-12	6,000	1982
13-19	7,000	1983
20-26	7,000	1984
27-34	8,000	1985
35-42	8,000	1986
43-51	9,000	1987
52-61	10,000	1988
62-72	11,000	1989
73-83	11,000	1990

Denomination: $1,000 each

EXHIBIT "~~A~~ B"

UNITED STATES OF AMERICA

STATE OF ARIZONA COUNTY OF NAVAJO

TIMBERLAKE PINES UNIT 2 IMPROVEMENT DISTRICT

IMPROVEMENT BOND

SERIES 1979-A

Number

$1,000

Know all men by these presents: That under and by virtue of Article 1.1, Chapter 5, Title 11, Arizona Revised Statutes, The Timberlake Pines Unit 2 Improvement District, in Navajo County, Arizona, a duly organized improvement district, promises to pay to the bearer hereof (or, if this bond is registered to the registered holder hereof) on the 1st day of July, 19 , the sum of One Thousand Dollars ($1,000), with interest from the date hereof on said sum at the rate of percent (%) per annum, represented by coupons attached hereto at the time of issuance, payable on , 19 , and thereafter semiannually on January 1 and July 1 of each year (except as to coupons designated "A")*, upon presentation and surrender of the coupons as they severally become due. If, upon presentation at maturity, payment of this bond or coupon is not made for want of funds, the bond or coupon shall continue to bear interest at the same rate until paid in full.

Both the principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Treasurer of the County of Navajo, Holbrook, Arizona, the ex officio Treasurer of the District.

This bond is issued in pursuance of law, and is one of a series of bonds designated Series 1979-A, in the total principal amount of $, of like date and tenor (except for any variation necessary to denote number and maturity), issued to pay for the improvements described in and initiated by Resolution No. _____, A Resolution of Intention to Acquire and Contruct Improvements, adopted , 19 , by the Board of Directors of the District, and is payable only out of the special fund to be collected from special assessments imposed on the lots and parcels of land benefited by said improvements. Said special fund is set apart by law for the payment of said bonds, and can be used for no other purpose.

This bond is registrable as to principal only. The registration may be assigned or canceled. Unless registered, it is a negotiable instrument transferable by delivery. Though registered, interest coupons are payable to bearer.

This bond is subject to call and redemption on any interest payment date prior to maturity at par plus a premium of 5% of said amount, plus interest to the date of redemption.

*Delete ( ) if split coupons are not requested.

EXHIBIT "~~B~~ C"

It is hereby certified and declared that the improvements for which this series of bonds is issued are authorized by law; that all the acts, conditions and things required to be done, precedent to and in the issuing of this series of bonds, have been done and performed in regular and due form as required by the laws of the State of Arizona, and all ordinances and resolutions of said District; that the special assessments out of which said bonds are to be paid are first liens on the properties assessed, subject only to general taxes, and prior special assessments; and any bona fide purchaser for value of this bond has the right to rely on the recitals herein contained. For the assessment or reassessment, collection and payment of said special assessments, the full faith and diligence of said District are hereby irrevocably pledged.

IN WITNESS WHEREOF, said District has caused this bond to be signed in facsimile by the Chairman of its Board of Directors and attested manually by its Clerk, the corporate seal of the District to be affixed hereto, the interest coupons to be signed in facsimile by said Chairman and Clerk, and this bond to be dated the day of , 197 .

_____
Chairman of the Board of Directors
Timberlake Pines Unit 2
Improvement District

ATTEST:

_____
Clerk of the Board of Supervisors
of Navajo County, as ex officio
Clerk of said District

On the First Day of , 19

TIMBERLAKE PINES UNIT 2, IMPROVEMENT DISTRICT, in Navajo County, Arizona, out of the special fund created for said purpose, will pay to bearer the sum hereon, unless the bond specified herein is redeemed prior thereto, at the office of its Treasurer, the Treasurer of said County, in Holbrook, Arizona, in lawful money of the United States of America, as interest on its Improvement Bond Number of Series dated , 19 .

$

Coupon No.

Chairman

Clerk

It is certified that this bond is registered in the name of the registered holder last entered below and the principal hereof is hereafter payable only to such holder. Interest coupons remain payable to bearer.

REGISTRATION			CANCELLATION OR TRANSFER		
Registry Date	Registered Owner	Signature of Bond Registrar	Date	Owner	Signature of Bond Registrar

Note: The signature of the registered owner in the column "Owner" opposite his registration will be treated as a cancellation of registration and the principal of this bond shall be payable to bearer. When this bond is to be registered in the name of another person, the registered owner must sign in the column "Owner" and also enter the name of the new owner in the column "Registered Owner."