RESOLUTION 132-81

RESOLUTION ORDERING THE SALE OF $7,500,000 PRINCIPAL AMOUNT OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT BONDS, PROJECT OF 1981.

BE IT RESOLVED by the Board of Supervisors of Navajo County, Arizona, that $7,500,000 principal amount of Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1981, be sold in accordance with the Notice Inviting Proposals attached hereto. The Clerk is directed to execute the Notice.

PASSED AND ADOPTED on November 17, 1981.

ATTEST:

Chairman

Clerk

NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that sealed, unconditional proposals will be received to and including the hour of 11:00 a.m., Mountain Standard Time, on December 15, 1981, at the Office of the Clerk of the Board of Supervisors of Navajo County at Phoenix, Arizona, at which time the Board of Supervisors will meet for the purpose of considering bids received and, if an acceptable bid is received, awarding the contract for the purchase of all, but not less than all, of $7,500,000 principal amount of Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1981, to be dated January 1, 1982, to be in the denomination of $5,000 each, to be numbered from one upward, to bear interest from the date of the bonds to the maturity of each of the bonds at a rate of not to exceed 16% per annum, interest payable on January 1, 1983, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the bonds, bonds to mature on July 1 in the years 1983 to 1993, inclusive, as follows:

Amount	Year	Amount	Year
$250,000	1983	$850,000	1989
400,000	1984	950,000	1990
450,000	1985	1,000,000	1991
500,000	1986	1,000,000	1992
250,000	1987	1,100,000	1993
750,000	1988		

PRIOR REDEMPTION: Bonds of this issue maturing on or before July 1, 1988, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 1989, are subject to call for redemption prior to maturity at the option of the District in inverse order of maturity and by lot within the maturity on July 1, 1988, or any interest payment date thereafter by payment of the principal amount thereof plus

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interest accrued to the date fixed for redemption, plus a premium of 1/4 of 1% of the principal amount for each period of six months which will elapse between the date fixed for redemption and the maturity date, provided that such premium shall not exceed 2% of the principal amount.

NOTICE OF REDEMPTION: Notice of redemption of any bond will be given by publication not less than once in a newspaper of general circulation in the District and not less than once in a financial newspaper published in the City of New York, New York, or Chicago, Illinois; such publication to be not more than 60 nor less than 30 days prior to the date set for redemption.

PLACE OF PAYMENT: Principal of and interest on the bonds are payable in lawful money of the United States of America at the Office of the Treasurer of Navajo County at Phoenix, Arizona.

SECURITY: Both principal and interest are payable from an unlimited ad valorem tax levied against all of the taxable property in the District pursuant to the provisions of Title 15, Chapter 9, Article 7, Arizona Revised Statutes, and all amendments thereto.

INTEREST RATES: All bids for the purchase of these bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the bonds, together with all accrued interest thereon at the date of the delivery of the bonds, will be considered. All bonds of the same maturity must bear the same rate of interest. No supplemental coupons will be allowed. No bid offering to cancel interest coupons will be allowed. Bidders may specify any number of different rates to be borne on the bonds; any rate may be repeated (without regard to sequence) as often as desired; the highest interest rate shall not exceed the lowest interest rate by more than 2-1/2% per annum.

BID CHECK: All bids must be accompanied by a certified check in a sum equal to two percent of the par value of the bonds, drawn on a bank doing business in the State of Arizona, payable to the order of the County Treasurer. No interest will be paid on the check of any bidder. The check of the successful bidder will be applied to the purchase price of the bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the bonds immediately upon their issuance. All checks of the unsuccessful bidders will be returned upon the award of the bonds to the successful bidder.

CUSIP NUMBERS: CUSIP numbers have been applied for and will be printed on the bonds and the cost of printing thereof and service bureau assignment will be the purchaser's responsibility.

RIGHT OF REJECTION: The Board of Supervisors reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

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COST OF BOND FORMS: The District will bear the cost of the bond forms and the printing thereof, and will furnish fully executed bonds to the purchaser upon payment therefor.

AWARD AND DELIVERY: Unless all bids are rejected, the bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the District. The net interest cost will be determined by computing the aggregate amount of interest payable on the bonds from their stated date to their respective maturities and by deducting therefrom any premium. Delivery of the bonds will be made to the purchaser upon payment in Federal or immediately available funds at the Office of the County Treasurer at Phoenix, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to both the District and the purchaser.

LEGAL OPINION: These bonds are sold with the understanding that the District will furnish the purchaser with the approving opinion of Gust, Rosenfeld, Divelbess & Henderson of Phoenix, Arizona. Bond Counsel's opinion will state "that the proceedings show lawful authority for this series of bonds under the Constitution and laws of the State of Arizona, and particularly Title 15, Chapter 9, Article 7, Arizona Revised Statutes, and all amendments thereto; that the bonds are valid and legally binding on the District and that all of the taxably property therein is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the bonds without limit of rate or amount. Such taxes are enforceable as are all other Arizona ad valorem taxes levied for county and school district purposes, however, we express no opinion as to the effect upon such enforceability within the boundaries of the Navajo Indian Reservation of taxes sought to be imposed by the Navajo Tribe." A copy of the opinion, but without its date, will be printed on the bonds. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the bonds under Arizona law and on the exemption of the interest income on such bonds from Federal and State of Arizona income taxes. Fees of Bond Counsel will be paid from bond proceeds.

TAX EXEMPT STATUS: In the opinion of Bond Counsel, interest income on the bonds is currently exempt from taxation under Federal income tax laws and State of Arizona income tax laws. Should Bond Counsel's opinion in this regard change prior to delivery of the bonds to the purchaser, the purchaser will be relieved of his responsibility to pick up and pay for the bonds, and in that event his bid check will be returned.

NO LITIGATION AND NON-ARBITRAGE: The District will deliver a certificate to the effect that no litigation is pending directly affecting the issuance and sale of the bonds. The District will also deliver an arbitrage certificate covering its reasonable expectations concerning the bonds.

Notwithstanding the foregoing, the District has learned that a pipeline company has filed a suit alleging that the State has no authority to tax portions of pipeline property located on Indian reservations and that the receipt of taxes by political subdivisions, including school districts, is an illegal and wrongful exaction of taxes. The suit does not directly affect the District but does affect the ability of

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Navajo County to collect certain of its taxes against the pipeline company. The pipeline company does not own property in this District; however, the District is entirely situated on Indian reservation land.

The Arizona courts have held that non-Indian property located on an Indian reservation is subject to taxation; however, should the pipeline company prevail, other pipelines may ultimately attempt to relieve or ease their tax burdens. Black Mesa Pipeline Company, Inc. and Four Corners Pipeline Company, Inc. own property located in the District. This property represents approximately 7.82% of the District's 1980-81 net assessed valuation. The consequences of such action by other pipeline companies on the District's ability to pay bonds cannot be determined at this time.

ADDITIONAL INFORMATION: Copies of this Notice and the Offering Statement relating to the bonds will be furnished to any bidder upon request made to the Clerk of the Board of Supervisors of Navajo County, Arizona; or to Young, Smith & Peacock, Inc., 3443 North Central Avenue, Phoenix, Arizona, 85012; Financial Consultants to the District.

DATED: November 17, 1981.

Sharon B. Deems

Clerk, Board of Supervisors
of Navajo County, Arizona

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