RESOLUTION NO. 81-54

BLUE RIDGE SEWER IMPROVEMENT DISTRICT
ASSESSMENT AREA 3B

RESOLUTION AUTHORIZING AND DIRECTING ISSUANCE AND SALE OF $1,160,000 PRINCIPAL AMOUNT OF BLUE RIDGE SEWER IMPROVEMENT DISTRICT, ASSESSMENT AREA 3B, BOND OF 1981, DETERMINING THE DETAILS THEREOF, AND DETERMINING AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF.

WHEREAS, the Blue Ridge Sewer Improvement District (the "District") is a duly organized and existing improvement district under the laws of the State of Arizona established pursuant to order of the Board of Supervisors of Navajo County, Arizona on October 24, 1978;

WHEREAS, the Board of Directors of the District have heretofore adopted a Resolution of Intention to order certain improvements more particularly described herein, which Resolution of Intention provides, among other things, for the issuance of bonds pursuant to Articles 1 and 1.1 of Chapter 5 of Title 11 of the Arizona Revised Statutes;

WHEREAS, following the posting and publication of notice of adoption of the Resolution of Intention and publication of the Resolution of Intention, the Board of Directors adopted an order directing that the work be done;

WHEREAS, a diagram of Assessment Area 3B and assessment has been recorded, confirmed and a Treasurer's return filed evidencing payment of any assessment;

WHEREAS, the District has not previously issued bonds or other obligations payable from assessments with respect to property within Assessment Area 3B; and

WHEREAS, the District now desires to issue and sell $1,160,000 of its bonds to finance the cost of the improvement described in the Resolution of Intention and the order directing that the work be done.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BLUE RIDGE SEWER IMPROVEMENT DISTRICT, NAVAJO COUNTY, ARIZONA, THAT:

Section 1. It is hereby determined that the amount of assessments with respect to Assessment Area 3B remaining unpaid is $1,160,000.

Section 2. For the purpose of paying the cost of the construction and acquisition of the improvements more particularly described in Section 7 hereof, there is hereby authorized the issuance and sale of not to exceed $1,160,000 in principal amount of bonds of the District to be designated "Blue Ridge Sewer Improvement District, Assessment Area 3B, Bond of 1981" (the "Bond"). The Bond shall be dated as of its date of delivery, shall be issued as a single, typewritten, registered bond in the total principal amount of not to exceed $1,160,000 and shall be numbered R-1.

The Bond shall bear interest at the rate of twelve percent (12%) per annum, said interest to be payable January 1, 1982 and semiannually thereafter on July 1 and January 1 of each year. Principal of the Bond shall be payable on July 1 of each of the years 1982 to 1991, inclusive, as follows:

Year	Principal Amount
1982	$ 47,000
1983	75,000
1984	84,000
1985	94,000
1986	106,000
1987	118,000
1988	133,000
1989	149,000
1990	167,000
1991	187,000

The principal of the Bond shall equal the aggregate of the advances endorsed thereon. In the event that the amount of principal actually advanced is less than the aggregate authorized principal amount, the difference between the principal amount outstanding and the aggregate authorized principal amount shall reduce the installments of principal payable in inverse order of payment, said reduction to be noted on the schedule of payments included in the form of the Bond as provided in Section 5 hereof.

The Bond shall be payable at the principal corporate trust office of The Valley National Bank of Arizona, Phoenix, Arizona, as paying agent (the "Paying Agent").

Section 3. The installments of principal of the Bond shall be in the minimum principal amount of $1,000 or any integral multiple thereof subject to redemption on any interest payment date prior to the stated date of payment at a redemption price equal to the principal amount thereof plus a premium equal to five percent (5%) of the principal amount of the Bond called, together with interest to the redemption date. Such redemption shall be made from prepayments of assessments levied for the purpose of paying the principal of and interest on the Bond, from moneys held by the Paying Agent in excess of the amounts due as principal of or interest on the Bond on the next two succeeding interest payment dates of the Bond or from any other legally available source of funds. The first $1,000 installment of principal shall be from the installment of principal midway to the end of the bond term with successive redemptions from the installments on either side thereof, so that installments of principal redeemed shall be a pro rata part of each annual installment after the installment for which a levy has been posted to the county roll.

Section 4. The Bond shall be executed on behalf of the District by the Chairman of the Board of Directors and attested by the Clerk of the District and the seal of the District affixed thereto. In case any officer who shall have signed the Bond shall cease to be such officer prior to delivery of the Bond, the Bond may nonetheless be delivered as though the person or persons who signed such Bond had remained in office.

Section 5. The Bond shall be in substantially the following form, with such necessary or appropriate variations, omissions and insertions as may be consistent with the terms of this Resolution and approved by the Chairman of the Board of Directors, execution of the Bond being conclusive evidence of such approval:

(Bond Form)

UNITED STATES OF AMERICA

STATE OF ARIZONA COUNTY OF NAVAJO

BLUE RIDGE SEWER IMPROVEMENT DISTRICT, ASSESSMENT AREA 3B, BOND OF 1981

NO. R-1 $1,160,000

KNOW ALL MEN BY THESE PRESENTS, that the Blue Ridge Sewer Improvement District, Navajo County, Arizona, a duly organized Improvement District, promises to pay as

hereinafter stated to THE VALLEY NATIONAL BANK OF ARIZONA, as trustee under an Indenture of Trust, dated as of May 1, 1981, from The Industrial Development Authority of the County of Navajo, an amount not to exceed the principal sum of ONE MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS ($1,160,000) in installments payable on July 1 in the amounts and years as follows:

Amount	Year	Amount	Year
$ 47,000	1982	$118,000	1987
75,000	1983	133,000	1988
84,000	1984	149,000	1989
94,000	1985	167,000	1990
106,000	1986	187,000	1991

together with interest on the outstanding principal amount at the rate of twelve percent (12%) per annum from the date of each advance of principal as endorsed herein, payable January 1, 1982, and semiannually thereafter on January 1 and July 1 in each year until maturity or until fully paid if called for redemption prior to fixed maturity date. Principal of and interest on the Bond are payable at the principal corporate trust office of The Valley National Bank of Arizona, Phoenix, Arizona, as paying agent.

The outstanding principal sum of this Bond shall equal the aggregate of the advances in payment herefor, as endorsed hereon. Any amount by which the aggregate authorized principal amount of this Bond exceeds the aggregate of such advances shall be deemed unissued, and the amount of such excess shall be deemed applied pro tanto to cancel the installments of principal payable in inverse order of scheduled payment dates. Interest hereon shall be determined on the basis of the aggregate of payments herefor from the respective dates of payment as endorsed hereon.

This Bond is issued pursuant to the laws of the State of Arizona for the purpose of financing that certain improvement in said District consisting of installation of collector sewers, laterals and appurtenant devices, initiated by Resolution of the Blue Ridge Sewer Improvement District, and is payable only out of the special fund to be collected from special assessments imposed on the lots or parcels of land benefited by said improvement. Said special fund is set apart by law for the payment of said Bonds, and can be used for no other purpose. 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 ordinances and resolutions of said District, 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 is hereby irrevocably pledged.

IN WITNESS WHEREOF, Blue Ridge Sewer Improvement District, Navajo County, Arizona, has caused this Bond to be executed in its name by the Chairman of its Board of Directors and countersigned by the Clerk of the District, and the corporate seal of the District to be impressed hereon, and this Bond to be dated _____, 1981.

BLUE RIDGE SEWER IMPROVEMENT DISTRICT

_____
Chairman, Board of Directors

Countersigned:

_____
Clerk

(SEAL)

Registration Certificate

This Bond may be registered as to principal and interest in the name of the holder on the books of the Clerk of the Blue Ridge Sewer Improvement District at Holbrook, Arizona, which registration will be noted in the blank below. Upon presentation of this Bond by a registered holder in person or by a bank or trust company authorized to do business in Arizona acting as the attorney in fact for the holder with a written request that it be registered in the name of another person, the Clerk will so register it. When registered in the name of the holder, the principal of and interest will be payable only to such registered holder or his legal representative.

The date of registration mentioned on Line No. 1 below shall be the initial registration date.

There shall be no charge for registration or change of registration.

NOTE: There must be no writing in the space below except by the Clerk of the Blue Ridge Sewer Improvement District.

DATE OF REGISTRATION	NAME AND ADDRESS OF REGISTERED HOLDER	SIGNATURE OF REGISTRAR

BLUE RIDGE SEWER IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA

ASSESSMENT AREA 3B, BOND OF 1981

ENDORSEMENT OF ADVANCES

Advance No.	Date	Amount	Signature of Treasurer	Amount Remaining Unpaid on the Bond

RECEIPT OF PAYMENT OF PRINCIPAL AND INTEREST

Date Due	Principal Due	Interest Due	Date Received
1/1/82			
7/1/82			
1/1/83			
7/1/83			
1/1/84			
7/1/84			
1/1/85			
7/1/85			
1/1/86			
7/1/86			
1/1/87			
7/1/87			
1/1/88			
7/1/88			
1/1/89			
7/1/89			
1/1/90			
7/1/90			
1/1/91			
7/1/91			

Section 6. For the purposes of providing for the payment of the principal of and interest on the Bond, as and when the same shall become due and payable, the Board of Directors of the District shall levy and collect annual assessment installments to be paid by the owners of properties within Assessment Area 3B, all as shown on the confirmed assessment. All proceeds of such levies, upon receipt, shall be placed in a fund to be held by the Paying Agent and to be known as the "Blue Ridge Sewer Improvement District, Assessment Area 3B, Special Bond Fund" established pursuant to Section 11-732, Arizona Revised Statutes, and applied to the payment of the principal of and interest on the Bond, as and when the same shall become due and payable. The Bond shall not constitute a general obligation or indebtedness of Navajo County but shall be payable solely from the proceeds of said assessment installments as provided herein.

Section 7. The sale of the Bond to The Valley National Bank of Arizona, as Trustee under an Indenture of Trust, dated as of May 1, 1981, from The Industrial Development Authority of the County of Navajo (the "Authority") in accordance with the letter of commitment dated May 26, 1981 from the Authority is hereby approved and the Chairman and the Clerk are hereby authorized to indicate such approval by execution of the letter of commitment dated May 26, 1981 submitted to the Board and the Treasurer is hereby authorized to deliver the Bond to The Valley National Bank of Arizona, as trustee, in exchange for the first advance which shall be in accordance with the terms of said letter of commitment, the full amount of the difference between the aggregate principal amount of the Bond authorized hereunder and the aggregate amount to be advanced against said principal amount. The Chairman and Clerk shall provide that the proceeds from the sale of the Bond be deposited with the County Treasurer and held for the credit of the District. The proceeds from the sale of the Bond shall be applied to the payment of incidental expenses and the cost of constructing the collection sewer system within the Assessment Area. As the amount of such incidental expenses and costs of construction become due, the County Treasurer shall request additional advances against the principal amount of the Bond. All advances shall be endorsed upon the grid entitled "Endorsement of Advances" on the Bond.

Section 8. In case the Bond shall become mutilated or be destroyed, stolen or lost, the District may, in its discretion, issue and deliver a new Bond of like tenor

as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond, destroyed, stolen or lost, and upon the holder furnishing the District proof of his ownership thereof and satisfactory indemnity (but in no event shall such indemnity be in an amount less than the principal amount of such destroyed, lost or stolen Bond and the interest due and to become due on such Bond to maturity) and complying with such other reasonable regulations and conditions as the District may require. The Bond so surrendered shall be cancelled by the Treasurer and held for the account of the District. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the District may pay the same upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 9. This Resolution constitutes a contract with the holder of the Bond. Subsequent to delivery of the Bond authorized herein, no material modification or amendment of this Resolution or of any resolution amendatory hereof or supplemental hereto, may be made without consent in writing of the holder of the Bond.

Section 10. If then permitted by law, the District may issue obligations for the purpose of refunding the Bond or for any other lawful purpose payable from the assessments deposited in the Special Bond Fund to be created pursuant to Section 6 hereof, provided that prior to or simultaneously with the issuance of such obligations there shall have been irrevocably deposited with the County Treasurer or a bank or trust company and pledged to the payment of the Bond, cash in an amount sufficient or direct obligations of, or obligations fully guaranteed by, the United States of America, the principal of and interest on which will be sufficient to pay the principal of and interest on the Bond as and when the same shall become due and payable.

Section 11. The Valley National Bank of Arizona is hereby designated as paying agent for the Bond and the Chairman and Clerk of the District are hereby authorized and directed to execute and deliver the Paying Agency Agreement attached hereto as Exhibit A, with such changes, modifications and amendments as may be approved by the Chairman, execution thereof being conclusive evidence of such approval. The Chairman and Clerk of the District are further hereby authorized and directed to execute and deliver the

Intergovernmental Agreement attached hereto as Exhibit B, with such changes, modifications and amendments as may be approved by the Chairman, execution thereof being conclusive evidence of such approval.

Section 12. This Resolution shall take effect immediately.

Adopted this 26th day of May, 1981.

Chairman

Attest: Deputy Clerk