SUPERVISORS COPY

EXCERPTS FROM THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA.

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The above-captioned Board met in regular session on January 4, 1982, at the hour of 10:30 a.m.

The Chairman called the meeting to order and upon roll call, the following answered present:

JOHN BUTLER — Chairman
PETE SHUMWAY — Supervisor
WILLARD GUTTERY — Supervisor

Also present: JAMES M. HOLST DEPUTY Clerk

Absent: _____

The Chairman advised the Board that a communication letter from the Kayenta Unified School District No. 27 of Navajo County, Arizona, requesting that this Board provide for publication of a Notice Inviting Proposals for the purchase of Bonds for $2,500,000 principal amount of School Improvement Bonds, Project of 1981, Series A (1982), of the District.

After discussion, it was deemed to be in order to adopt the following-captioned Resolution ordering the sale of said bonds:

RESOLUTION 01-82

RESOLUTION ORDERING THE SALE OF $2,500,000 PRINCIPAL AMOUNT OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT BONDS, PROJECT OF 1981, SERIES A (1982).

Thereupon, it was moved by Supervisor SHUMWAY and seconded by Supervisor GUTTERY that the Resolution be adopted as read. Upon roll call, the following voted aye:

UNANIMOUS

and none voted nay.

The Chairman declared the Resolution adopted as read.

There being no further business relative to the above matter to come before the Board, the meeting was adjourned.

James M. Holst DEPUTY
Clerk

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RESOLUTION 01-82

RESOLUTION ORDERING THE SALE OF $2,500,000 PRINCIPAL AMOUNT OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT BONDS, PROJECT OF 1981, SERIES A (1982).

BE IT RESOLVED by the Board of Supervisors of Navajo County, Arizona, that $2,500,000 principal amount of Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1981, Series A (1982), be sold in accordance with the Notice Inviting Proposals attached hereto. The Clerk is directed to execute the Notice. Young, Smith & Peacock, Inc., the District's Financial Consultant, is hereby directed to prepare, print and disseminate an offering statement to prospective bidders known to bid on bonds of this type.

PASSED AND ADOPTED on January 4, 1982.

Johnny L. Butler
Chairman

ATTEST:

James M. Hall DEPUTY
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 January 19, 1982, at the Office of the Clerk of the Board of Supervisors of Navajo County at Holbrook, 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 $2,500,000 principal amount of Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1981, Series A (1982), to be dated February 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 1988, inclusive, as follows:

| Amount | Year | Amount | Year |
|---|---|---|---|
| $350,000 | 1983 | $500,000 | 1986 |
| 400,000 | 1984 | 400,000 | 1987 |
| 450,000 | 1985 | 400,000 | 1988 |

PRIOR REDEMPTION: Bonds of this series are not subject to call for redemption prior to their definite maturity dates.

PLACE OF PAYMENT: Principal of and interest on the bonds are payable in lawful money of the United States of

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America at the Office of the Treasurer of Navajo County at Holbrook, Arizona.

SECURITY: These bonds constitute the first series of bonds to be issued by the District from the voted authorization of School Improvement Bonds in the aggregate principal amount of $7,500,000. The Board of Supervisors reserves the right to issue and sell the remaining Project of 1981 Bonds in one or more series. 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 the 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% 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.

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

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upon payment in Federal or immediately available funds at the Office of the County Treasurer at Holbrook, 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 taxable 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 initial purchaser, the initial 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 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 . . .



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represents approximately 7.82% of the District's fiscal year 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: January 4, 1982.

James M. Holst DEPUTY

Clerk, Board of Supervisors
of Navajo County, Arizona

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