8/2-84 1-orig to JR. Dress.

RESOLUTION NO. 122-84

BLUE RIDGE SEWER IMPROVEMENT DISTRICT
ASSESSMENT AREA 3A-1

A RESOLUTION APPROVING FORM OF NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS

WHEREAS, all lawful proceedings prior to the issuance and sale of bonds of the District have been completed or are being completed; and

WHEREAS, pursuant to Arizona Revised Statutes Section 11-734F, the Board may sell the bonds at a public or private sale; and

WHEREAS, the Board has heretofore engaged the services of Young, Smith and Peacock of Phoenix, Arizona, to act as financial consultant to the District; and

WHEREAS, in order to effectuate the sale of the bonds, it is necessary to have a Notice Inviting Proposals to Purchase the Bonds prepared by the District and circulated among the potential buyers by Young, Smith and Peacock.

THEREFORE, BE IT RESOLVED THAT:

The form of the Notice Inviting Proposals for the Purchase of Bonds attached hereto is hereby approved in substance and the Clerk of the Board of Supervisors, ex officio Clerk of the Board of Directors, is authorized to execute said notice, and to make such minor corrections in said notice as may be necessary in the opinion of bond counsel and Young, Smith and Peacock, which does not materially effect the information presented therein.

BE IT FURTHER RESOLVED THAT:

Young, Smith and Peacock is hereby directed to complete the preparation of the offering statement and to circulate the Notice Inviting Proposals to Purchase Bonds among potential investors to solicit as many bids as possible for the purchase of said bonds.

ADOPTED THIS 31st day of July, 1984.

BLUE RIDGE SEWER IMPROVEMENT DISTRICT

Chairman

ATTEST:

DT/ResImpForm

$950,000
BLUE RIDGE SEWER IMPROVEMENT DISTRICT
ASSESSMENT AREA 3A-1
NAVAJO COUNTY, ARIZONA

NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that sealed unconditional proposals will be received by the Board of Supervisors of Navajo County, Arizona, acting as the Board of Directors of the Blue Ridge Sewer Improvement District, at the office of the Clerk of the Board of Supervisors at the Navajo County Governmental Complex, South Highway 77, Holbrook, Arizona 86025, up to and including the hour of 11:00 o'clock A.M., M.S.T., (ARIZONA IS EXEMPT FROM DAYLIGHT SAVINGS TIME), on Tuesday, the 14th day of August, 1984, for the purchase of an issue of fully registered special assessment Bonds of Blue Ridge Sewer Improvement District in the principal amount of not to exceed $950,000.00 to be designated Blue Ridge Sewer Improvement District Assessment Area 3A-1, Sewer Improvement Bonds of 1984 (the "Bonds"). The Bonds are being issued pursuant to Article 1, Chapter 5, Title 11, Arizona Revised Statutes, for the purpose of financing the installation of collector sewers, laterals and appurtenant devices within Assessment Area 3A-1 of the District, in accordance with the plans and specifications previously approved by the Board of Directors of the Blue Ridge Sewer Improvement District and on file with the Clerk of the District, who is the Clerk of the Board of Supervisors of Navajo County.

Each bid submitted must offer to purchase all of the $950,000.00 principal amount of Bonds, subject to reduction as set forth below, at not less than 96% of the par value thereof plus accrued interest to the date of delivery. Bidders may (but are not required to) offer a premium in addition to the purchase price. In the event two or more proposals contain the same rate of interest, the Superintendent of Streets of the District shall draw lots to determine the bidder whose offer shall be accepted.

THE BONDS: The Bonds herein offered for sale will be dated August 1, 1984. The Bonds will be in the denomination of $5,000 each or any integral multiple thereof. The

Bonds will bear a single rate of interest on the unpaid principal which shall not exceed 15% per annum. Interest on the Bonds is payable on July 1 and January 1. The first interest payment date will be July 1, 1985; the money for the first interest payment to be collected as the first annual assessment installment. The Bonds will mature in installments approximately in accordance with the following schedule:

INSTALLMENT DATE	AMOUNT
January 1, 1986	$45,000
January 1, 1987	55,000
January 1, 1988	65,000
January 1, 1989	75,000
January 1, 1990	85,000
January 1, 1991	95,000
January 1, 1992	105,000
January 1, 1993	125,000
January 1, 1994	150,000
January 1, 1995	150,000
TOTAL	$950,000

REDUCTION IN PRINCIPAL AMOUNT OF BONDS: The aggregate principal amount of the Bonds to be issued is subject to reduction by the District prior to award of the bonds in the event of payment in cash of a portion of the assessments during the cash collection period, during which the landowners may pay their entire assessment, or a portion thereof, in cash, which cash collection period ends on August 6, 1984, at which time the certified list of unpaid assessments will be prepared. In the event of a reduction in the aggregate principal amount of Bonds to be issued, the principal amount of the Bonds maturing in each of the years set forth above is subject to proportionate reduction to the extent possible, in inverse order of maturity, commencing with the final maturity of the Bonds in 1995, until the total of all maturities equals the reduced principal amount of the Bonds. The determination by the Board of Directors of the District as to the principal amounts and maturities to be reduced shall be final.

The winning bidder shall be notified at the time of award of the Bonds of the final total principal amount and schedule of maturities. The amount of cash collections cannot be estimated at this time.

INTEREST PAYMENT: The District has designated The Valley National Bank of Arizona as Registrar and Paying Agent (hereinafter referred to as the "Registrar") for the Bonds. Interest on the Bonds is payable by check drawn on the Registrar. Interest payments will be mailed to registered owners at the addresses shown on the Registrar's books on the record date as stated below. Principal, at Bond maturity, will be paid at the principal corporate trust office of the Registrar upon surrender of such Bond or Bonds to the Registrar.

The 15th day of the month preceeding an interest payment date is the record date for the Bonds, unless such date is a Saturday, Sunday or holiday, in which case such date will be deemed to be the previous business day. Should a Bond be submitted to the Registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the normal manner but the next interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

SECURITY: The Bonds are secured and payable from special assessments levied against the real property benefitted by said improvements. The Bonds are issued under the provisions of Title 11, Chapter 5, Article 1, Arizona Revised Statutes, as amended, which requires the District to purchase the property covered by unpaid assessments in case there are no other purchasers of delinquent property on the Superintendent of Streets' sale and, in the event of such purchase, the District shall assume, as purchaser, the amount of said assessment and interest accruing thereon to the extent of not to exceed 20% of the principal amount of the Bonds issued by the District.

Pursuant to A.R.S. Section 11-734H, a reserve fund will be established by the Board of Directors out of the proceeds of the sale of the Bonds, or out of an increase in the amount of the annual assessment installments, over and above the amount required to pay the remaining principal and current interest on said Bonds. Said reserve fund shall be

maintained in an amount equal to or greater than an amount equal to that proportion of the total annual assessment installment owing and due for a particular year times the percent, measured in dollars, of the previous years annual assessment installments which were not timely collected by the Treasurer, as compared to the total annual assessment installments for the year. In the first year said percent shall be determined by using the county general ad valorum taxes in lieu of the previous year's annual assessment installment.

FORM OF BID: All Bids submitted must be on the Official Bid form, copies of which may be obtained from Young, Smith & Peacock, Inc. All bids must comply with the terms of this Notice and be accompanied by a certified check in a sum equal to $19,000.00 drawn on a bank doing business in the State of Arizona, payable to the order of the Treasurer of Navajo County, Arizona. Each bid shall be enclosed in a sealed envelope marked "Proposals for Improvement Bonds, Blue Ridge Sewer Improvement District, Assessment Area 3A-1," and shall be addressed to the Clerk of the Board of Supervisors, Navajo County, Navajo County Governmental Complex, South Highway 77, Holbrook, Arizona 86025. All bids shall be unconditional. 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 Bond issue purchased or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Bond issue purchased immediately upon its issuance. All checks of the unsuccessful bidders will be returned upon the award of each Bond issue to the successful bidder. Young, Smith and Peacock, Inc., Financial Consultant to the District, has reserved the right to bid on the Bonds. Fees of the Financial Consultant will be paid from Bond Proceeds.

INTEREST RATE: Bidders are invited to name the single rate of interest which the Bonds are to bear. The maximum interest rate shall not exceed 15%.

In addition to the purchase price and premium (if any bid), which must be paid in immediately available funds, the winning bidder shall pay in immediately available funds all accrued interest from August 1, 1984, to the date of delivery of the Bonds.

THE INTEREST RATE BIDS MAY BE EXPRESSED IN TERMS OF 1/8 OR 1/20 OF A PERCENTAGE POINT. HOWEVER, NO FRACTIONAL CENTS WILL BE PAID (OR ACCUMULATED FOR PAYMENT) ON ANY BOND AND AN INTEREST RATE BID WHICH INDICATES PAYMENT OF FRACTIONAL CENTS WILL BE DEEMED TO BE A WAIVER OF THE RIGHT TO PAYMENT OF SUCH FRACTIONAL CENTS.

PRIOR REDEMPTION: Bonds maturing on or before January 1, 1990, are not subject to call for redemption prior to maturity. No Bond, shall be redeemed prior to January 1, 1990. All Bonds which are redeemed prior to maturity shall be subject to a redemption premium, as described hereafter, which shall be paid to the registered holder thereof at the time of redemption, along with the principal amount plus any interest accrued to the date of the redemption. All Bonds to be redeemed shall be redeemed on January 1 or July 1 of any year. The Treasurer of the District, who is the Treasurer of Navajo County, shall, prior to each November 15 and May 15, notify the Registrar of the amount of any monies available to redeem Bonds, and the Registrar shall timely provide notice of the redemption of any Bond to the registered holder thereof by registered or certified mail on or before the first day of June, in the case where a Bond is to be redeemed on July 1, immediately preceeding a July 1 Bond redemption, or the first day of December, in the case where a Bond is to be redeemed on January 1, immediately preceeding a January 1 Bond redemption. The first Bond to be redeemed shall be chosen by lot out of the Bonds of the maturity midway to the end of the term of the Bonds from the date of redemption. Successive Bonds shall be chosen for redemption by lot from each maturity either side thereof, so that Bonds called for redemption shall be a pro rata part of each maturity after the maturity for which a levy of the special assessment has been posted to the tax rolls of the County. The redemption premium shall be paid from any available source of funds and shall be computed as follows: 1/2 of 1% for each six month period or fraction thereof elapsing between the date fixed for redemption and the date of maturity of the Bonds so called for redemption, but never to exceed 5%.

Any property owner who pays off his assessment shall pay to the Treasurer of the District, who is the Navajo County Treasurer, an amount equal to the principal balance of the assessment against the property, plus five percent of the principal balance, plus interest at the rate stated in the Bonds, to the earliest date of redemption, which shall occur no sooner than January 1, 1990, plus any delinquent installments of principal and interest together with costs due thereon. Any funds derived from said payoff premium not used to pay Bond premiums shall be applied first to the reserve fund, and if said fund is sufficient in amount, second to pay the administrative costs of the District.

In the event that surplus monies exist following the completion of construction and the payment of all costs thereof, including incidental expenses, and the Board of Directors determines that said surplus funds are not needed, in whole or in part, to provide for the reserve fund as described herein, such surplus may be applied by the Board to reduce the annual assessment installments for the subsequent year or years.

AWARD AND DELIVERY OF BONDS: 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, which will be determined by computing the aggregate amount of interest payable on the Bonds from August 1, 1984, to their respective maturities plus any discount bid or less any premium bid. Delivery of the Bonds will be made to the purchaser upon payment in immediately available funds (by certified check drawn on a bank doing business in the State of Arizona) at the offices of O'Connor, Cavanagh, Anderson, Westover, Killingsworth and Beshears, P.A., 3003 N. Central Avenue, Phoenix, Arizona, or at any other place mutually agreeable to the District and the purchaser, at the purchaser's request and expense.

The District expects to deliver the Bonds against payment therefore on approximately August 21, 1984. The District may, at its option, deliver a temporary typewritten Bond representing the entire issue, which Bond will be exchanged for the printed Bonds on approximately September 1, 1984.

The District will cause the temporary Bond, if any, and the printed Bonds to be prepared, executed and delivered to the Registrar without charge to the purchaser. No Bond will be valid unless manually authenticated by the Registrar.

RIGHT OF REJECTION: The Board of Directors 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.

REGISTRATION: All expenses with respect to initial registration and payment and all other expenses of registration will be borne by the District. Any taxes on transfers will be borne by the transferor and will not be paid by the District.

The Bonds will be registered in such names and in such denominations as the successful bidder shall have requested in writing not less than five (5) business days prior to closing; and the remaining aggregate principal amount of the Bonds for which no instructions have been received by such date will be issued as one Bond in the denomination for each maturity of such remaining aggregate principal amount or as Bonds in such denominations as shall be mutually agreed upon by the successful bidder and the District and registered in the name of the successful bidder.

CUSIP NUMBERS: It is anticipated that separate CUSIP identification numbers for each maturity will be printed on the Bonds but neither the failure to print any such number on any Bond nor any error with respect thereto will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice, and the purchaser's proposal. No CUSIP identification number shall be deemed to be a part of any Bond or a part of the contract evidenced thereby, and no liability shall hereafter attach to the District or to any of its officers or agents because of or on account of such numbers or any use made thereof. All expenses in relation to the printing of CUSIP identification numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the District.

LEGAL OPINION: These Bonds are sold subject to the approval of legality by O'Connor, Cavanagh, Anderson, Westover, Killingsworth & Beshears, P.A., Phoenix, Arizona, and John G. Gliege of Flagstaff, Arizona. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion 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, the delivery of said opinion being a condition precedent to the delivery of the Bonds and the purchase thereof by the successful bidders. Fees of Bond Counsel will be paid from Bond proceeds.

CERTIFICATES AND ADDITIONAL OPINION TO BE DELIVERED: The District will deliver a certificate showing that no litigation is pending affecting the issuance and sale of the Bonds or the assessments securing payment of the Bonds. John G. Gliege, Esq., Flagstaff, Arizona, Counsel to the District will deliver an opinion to the purchaser to the effect that, as of the date of delivery of the Bonds, no facts have come to his attention which lead him to believe that the Official Statement of the District relating to the Bonds contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION: Copies of the Notice Inviting Proposals for Purchase of Bonds, the Official Bid form and of the Official Statement relating to the Bonds will be furnished to any prospective bidder upon request made to Young, Smith and Peacock, Inc., 3443 North Central Avenue, Phoenix, Arizona 85012, (602-264-9241), Financial Consultants to the District.

DATED this 31st day of July, 1984.

BLUE RIDGE SEWER IMPROVEMENT DISTRICT

Sharon D. Kearns

Clerk, Blue Ridge Sewer Improvement District

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