RESOLUTION NO. 15-84

DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT

**RESOLUTION AUTHORIZING AND DIRECTING ISSUANCE AND SALE OF $190,000.00 PRINCIPAL AMOUNT OF DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT, ROAD IMPROVEMENT BONDS OF 1984, DETERMINING THE DETAILS THEREOF, AND DETERMINING AND PROVIDING FOR THE RIGHTS OF THE HOLDERS THEREOF, AND PROVIDING FOR PAYMENT OF THE COST OF ISSUANCE**

WHEREAS, on March 27, 1984, the Board of Directors (the "Board") of the Deep Forest Drive-Two County Improvement District, Navajo County, Arizona (the "District"), passed and adopted Resolution No. 48-84 which declared its intention to improve the property within the District through grading and paving of the roads up to the standards of Navajo County so that the County will accept said roads for maintenance; determined that improvement bonds be issued to represent the costs and expenses thereof and that the costs and expenses thereof be assessed upon a certain District, and provided that the proposed work or improvement be performed under the provisions of Title 11, Chapter 5, Article 1, Arizona Revised Statutes, and all amendments thereto, and the said work or improvement, the district to be assessed and the improvement bonds to be issued are more fully described in Resolution No. 48-84, to which reference is hereby made for such descriptions; and

WHEREAS, Resolution No. 48-84 was published as prescribed by law; and

WHEREAS, the Superintendent of Streets of Navajo County, Arizona (the "Superintendent of Streets") caused to be posted along the line of said proposed work or improvement at not more than three hundred (300) feet apart, notices of the passage of Resolution No. 48-84 and further caused said notice to be mailed to all property owners within said District; and

WHEREAS, no protests against the proposed work or improvement or objections to the extent of the District described in Resolution No. 48-84 (the "District") were timely filed with the Clerk of the Board (the "Clerk") during the time prescribed by law; and

WHEREAS, on April 24, 1984 the Board of the District passed and adopted Resolution No. 62-84 which ordered that the proposed work or improvement be done as described in Resolution No. 48-84 and in accordance with the plans and specifications theretofore approved and adopted by the Board of the District; and

WHEREAS, the Superintendent of Streets prepared and executed a notice of the passage of Resolution No. 62-84 and a notice inviting proposals for the construction of the work or improvement and caused said notices to be posted and published as prescribed by law; and

WHEREAS, the Board of the District has heretofore received bids for construction of the improvements described in Resolution No. 48-84 and as shown on the plans and specifications known as Deep Forest Drive-Two County Improvement District, Road Improvement of 1984 (hereinafter sometimes referred to as the "Project"); and

WHEREAS, on June 5, 1984 the Board of the District passed and adopted Resolution No. 134-84 which awarded the contract for the construction of the Project to Hatch Construction and Paving, Inc. (the "Contractor"); and

WHEREAS, the total amount bid by the Contractor was $123,842.00, the total amount of incidental expenses, as shown in the engineer's official estimate, was $71,158.00; and

WHEREAS, the Superintendent of Streets has heretofore levied and recorded an assessment for Deep Forest Drive-Two County Improvement District, and the Superintendent of Streets has executed an Assessment to the Treasurer of the District (the "Treasurer") to collect the several assessments; and

WHEREAS, the Assessment was returned by the Treasurer as prescribed by law; and

WHEREAS, the certified list of unpaid assessments for Deep Forest Drive-Two County Improvement District, has been filed with the Clerk by the Superintendent; and

WHEREAS, Section 11-734, Arizona Revised Statutes, as amended, provides that, at any time after the recording of the return of the Assessment, the Board of the District may, by resolution, direct that improvement bonds be issued in an amount which shall not exceed the amount of unpaid assessments exceeding $25.00 as shown on the certified list of unpaid assessments; and

WHEREAS, on August 7, 1984, the Superintendent of Streets and the Contractor entered into a construction contract whereby the Contractor agreed to construct the Project in accordance with the plans and specifications known as Deep Forest Drive-Two County Improvement District Road Improvement of 1984 and its proposal; and

WHEREAS, the Clerk has executed and circulated a Notice Inviting Proposals for Purchase of Bonds (the "Notice); and

WHEREAS, the Clerk has this date received bids for the purchase of the improvement bonds; and

WHEREAS, the best bid received, a copy of which is attached hereto, was the bid of Young, Smith & Peacock offering to pay the par value for the improvement bonds, ~~plus a premium of $~~ _____ (less a discount of $ 7,600 ) and, upon such payment, to accept the improvement bonds bearing interest at the rate of 11.1 % per annum from the date of the improvement bonds to each improvement bond's respective maturity date; and

WHEREAS, by this Resolution the Board of the District desires to (i) authorize the issuance of $190,000.00 principal amount of improvement bonds payable from unpaid special assessments levied upon the lots, pieces and parcels of land included within the boundaries of the District benefitting from the Project; (ii) ratify all acts of the Clerk taken with respect to the execution and circulation of the Notice and the receipt of such proposals; (iii) prescribe the form of such improvement bonds; and (iv) ratify and confirm all prior acts of the Board of the District, of the Clerk, of the Superintendent of Streets, with respect to Deep Forest Drive-Two County Improvement District; and

WHEREAS, all things required to be done preliminary to the authorization and issuance of the improvement bonds have been duly done and performed in the manner required by law, and the Board of the District are now empowered to proceed with the issuance and sale of the improvement bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT, NAVAJO COUNTY, ARIZONA, THAT:

Section 1. It is hereby determined that the amount of assessments with respect to the District remaining unpaid is $190,000.00.

Section 2. The Notice Inviting Proposals for Purchase of Bonds as published in the Official Statement, relating to the Bonds, dated July 31, 1984, is hereby incorporated into this Resolution and made a part hereof, as if fully set forth herein.

Section 3. For the purpose of paying the cost of the acquisition and construction of the improvements more particularly described in Resolution No. 48-84 adopted on March 27, 1984, there is hereby authorized the issuance and sale of $190,000.00 in principal amount of bonds of the District to be designated "Deep Forest Drive-Two County Improvement District, Road Improvement Bonds of 1984" (the "Bonds"). The Bonds shall be dated August 1, 1984, shall be numbered, by maturity, from 1 consecutively upwards, shall be fully registered Bonds without coupons, shall be in the denomination of $5,000 or any integral multiple thereof, shall bear interest at the rate of 11.1% per annum from the most recent July 1 or January 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, which interest shall be payable on July 1, 1985, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Bonds. The principal of the Bonds shall be payable upon presentation and surrender thereof at the principal corporate trust office of The Valley National Bank of Arizona, Phoenix, Arizona, as Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check or draft mailed to the registered owner therof, as shown on the registration books for this issue maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the holder thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the holder thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever monies become available for payment of the overdue interest, and notice of the special record date shall be given to holders not less than ten days prior thereto. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America, the Bonds to mature on the dates and in the amounts as follows:

| Maturity Date | Amount | Maturity Date | Amount |
|---|---|---|---|
| January 1, 1986 | $10,000 | January 1, 1991 | $25,000 |
| January 1, 1987 | $15,000 | January 1, 1992 | $25,000 |
| January 1, 1988 | $15,000 | January 1, 1993 | $30,000 |
| January 1, 1989 | $20,000 | January 1, 1994 | $30,000 |
| January 1, 1990 | $20,000 | | |

The Valley National Bank of Arizona, Phoenix, Arizona is hereby appointed as Bond Registrar and Paying Agent and the Chairman of the Board of the District is hereby authorized and directed to enter into a contract with said bank covering such services. The Bond Registrar will maintain the books of the District for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery of the Bond to the Bond Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of the Bond to be transferred or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denominations of $5,000 or any integral multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registred owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The District or the Bond Registrar will charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or governmental charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or to transfer any Bonds which have been selected or called for redemption.

Section 4. The Bonds maturing on or before January 1, 1990 are not subject to redemption prior to their respective maturities. The Bonds maturing on or after January 1, 1991, are subject to redemption prior to maturity, in whole or in part, on January 1, 1990, or any interest payment date thereafter, by the payment of the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption, plus a premium payable from any source lawfully available therefor, the premium to be computed as follows: one-half (1/2) of one percent (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 five percent (5%). 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 by lot from maturity on either side thereof, so that Bonds called for redemption shall be a pro rata part of each maturity for which a levy of the Assessment has been posted to the tax rolls of the County. The Treasurer shall notify the Bond Registrar at least 45 days prior to a bond redemption date of the availability of funds to call any Bonds for redemption prior to maturity. The District may use any monies it has available to redeem Bonds. Any funds collected by the District from payoffs of assessments not used to redeem Bonds or deposited in a fund to redeem Bonds over and above the principal amount of the aggregate early payoffs of assessment against property plus interest and premiums accrued to date, may be used for District administrative costs. Not more than 30 nor less than 15 days before any redemption date, the Bond Registrar shall cause a notice of any such redemption to be mailed by registered or certified mail to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to mail notice to any

holder of Bonds shall not affect the validity of the proceedings for the redemption of Bonds with respect to the holders of other Bonds.

Section 5. The Bonds shall be executed by the facsimile signatures on behalf of the District by the Chairman of the Board of the District and attested by the Clerk of the District and the facsimile seal of the district affixed thereto. The Bonds shall not be valid unless and until executed and authenticated by the Bond Registrar. In case any officer who shall have signed any Bond (whether manually or by facsimile) shall cease to be such officer prior to delivery of the Bonds, the Bonds may nonetheless be delivered as though the person or persons who signed such Bond had remained in office.

Section 6. The Bonds 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 or the Notice and approved by the Chairman of the Board of Directors of the District.

United States of America
State of Arizona
County of Navajo

**DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT**
**ROAD IMPROVEMENT BOND OF 1984**

REGISTERED OWNER:

PRINCIPAL AMOUNT:

INTEREST RATE: 11.1% per annum

MATURITY DATE:

ORIGINAL ISSUE DATE: August 1, 1984

CUSIP:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS that the Deep Forest Drive-Two County Improvement District, Navajo County, Arizona (the "District"), a duly organized Improvement District, promises to pay, as hereinafter stated, to the registered owner hereof, or registered assigns, solely from the sources hereinafter specified, on the maturity date specified above, the principal amount stated above together with interest on said amount at the interest rate per annum stated above, payable semiannually on the first days of July and January of each year commencing on July 1, 1985, unless prior to the maturity date stated above, this Bond is redeemed by the District. Interest will be computed on the basis of a 360-day year of twelve thirty-day months.

Both principal and interest and any premium are payable in lawful money of the United States of America. Interest prior to maturity will be paid by check or draft payable to the order of and mailed to the registered owner at the address shown on the registration books maintained by the Bond Registrar at the close of business on the 15th day of the calendar month next preceding the interest payment date. Any interest which is not timely paid or duly provided for shall cease to be payable to the holder hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the holder hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever monies become available for payment of the overdue interest, and notice of the special record date shall be given to holders not less than ten days prior thereto. The principal, final installment of interest and any premium will be paid when due to the registered owner upon surrender of this Bond for payment at the designated office of the Bond Registrar and Paying Agent, which on the original issue date is the principal corporate trust office of The Valley National Bank of Arizona in Phoenix, Arizona. The Bond Registrar and Paying Agent may be changed without notice.

Bonds maturing on or before January 1, 1990 are not subject to redemption prior to their respective maturities. Bonds maturing on or after January 1, 1991, are subject to redemption prior to maturity, in whole or in part, on January 1, 1990, or any interest payment date thereafter, by the payment of the principal amount of each Bond called for

redemption, plus interest accrued to the date fixed for redemption, plus a premium equal to 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 five percent (5%). The first Bond to be redeemed shall be selected by lot from the maturity midway to the end of the term of the Bonds from the date of redemption. Successive Bonds shall be selected by lot from the maturity on either side thereof. When so called for redemption this Bond will cease to bear interest on the date fixed for redemption if on that date funds sufficient for such redemption are on deposit at the place of payment.

Not more than 30 nor less than 15 days before any redemption date, the Bond Registrar shall cause a notice of any such redemption to be mailed by registered or certified mail to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to mail notice to any owner of Bonds shall not affect the validity of the proceedings for the redemption of Bonds with respect to the owners of other Bonds.

The Bond Registrar will maintain the books of the Deep Forest Drive-Two County Improvement District, Navajo County, Arizona, for the registration of ownership of each Bond as provided in the Resolution.

This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the owner of this Bond or his attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denominations of $5,000 or any integral multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The District or the Bond Registrar will charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or governmental charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or to transfer any Bonds which have been selected or called for redemption.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF. THOSE PROVISIONS SHALL HAVE THE SAME EFFECT FOR ALL PURPOSES AS IF SET FORTH ON THE FACE HEREOF.

This Bond is issued pursuant to the laws of the State of Arizona, and is one of a series of Bonds of like tenor and date for the total sum of one hundred ninety thousand ($190,000.00) in aggregate principal amount issued pursuant to Resolution No. 151-84 (the "Resolution"), adopted on August 14, 1984, for that certain improvement in said District consisting of paving and grading of the roads within the District, initiated by Resolution No. 48-84 adopted on March 27, 1984, and is payable only out of the special fund to be collected from special assessments imposed on the lots, or parcels of land fronting on or benefitted by said improvement within the District. Said special fund is set apart by law for the payment of the 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 resolutions of said District, that the special assessments out of which said Bonds are to be paid are first liens on the property assessed, subject only to the lien for 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.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, Deep Forest Drive-Two County Improvement District, Navajo County, Arizona, has caused this Bond to be executed in its name by the original or facsimile signature of the Chairman of its Board of Directors and countersigned by the original or facsimile signature of the Clerk of the District, and the facsimile of the corporate seal of the District to be printed hereon.

DEEP FOREST DRIVE-TWO
COUNTY IMPROVEMENT DISTRICT

COUNTERSIGNED:

| | |
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| Clerk | Chairman, Board of Directors |

Seal

DATE OF AUTHENTICATION AND REGISTRATION:

AUTHENTICATION CERTIFICATE

This Bond is one of the Deep Forest Drive-Two County Improvement District Road Improvement Bonds of 1984, described in the Resolution mentioned heretofore in the Bond.

THE VALLEY NATIONAL BANK OF ARIZONA,
as Bond Registrar

BY: _____
Authorized Representative

The District, the Registrar and the Paying Agent may treat the registered owner of this Bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

| | |
|---|---|
| TEN COM - | as tenants in common |
| TEN ENT - | as tenants by the entireties |
| JT TEN - | as joint tenants with right of survivorship and not as tenants in common |

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under the Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

_____
(Name and address of transferee)

_____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

_____
(Commercial Bank, Trust Company or
Member of a National Securities Exchange)

ALL FEES AND COSTS OF TRANSFER SHALL BE PAID BY
THE REGISTERED HOLDER HEREOF ON THE DATE OF TRANSFER

Section 7. Until the definitive Bonds are prepared, the Chairman of the Board of the District and Clerk of the District may execute and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations of $5,000 or any integral multiple thereof authorized by the District, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable in the same manner as the interest on the definitive Bonds. The Bond Registrator and Paying Agent, upon the surrender of such temporary Bonds, for exchange and the cancellation of such surrendered temporary Bonds, without charge to the holder thereof, shall deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution.

Section 8. For the purposes of providing for the payment of the principal of and interest on the Bonds, as and when the same shall become due and payable, the Board of Directors of the District shall cause to be levied and collected annual assessment installments to be paid by the owners of properties within the District, all as shown on the confirmed Assessment. All proceeds of such levies shall be placed in a fund to be created by the Treasurer to be known as the "Deep Forest Drive-Two County Improvement District, Special Bond Fund" hereby established pursuant to Section 11-732, Arizona Revised Statutes, as amended, and applied to the payment of the principal of, premium, if any, and interest on the Bonds, by payment to the Bond Registrar pursuant to the Bond Registrar and Paying Agent Agreement, the terms of which are incorporated herein by reference, as and when the same shall become due and payable. In addition, subject to the conditions set forth in the Notice Inviting Proposals for Purchase of Bonds, property owners subject to assessment may at any time prior to the expiration of the term of this bond issue pay off the assessments on any parcel of property, along with all applicable interest amounts as set forth in the aforesaid Notice, plus a prepayment premium equal to 5% of the unpaid principal amount of the assessment being paid off. The proceeds of such payoffs shall be accounted for separately and shall, as provided in this Resolution, be transferred semiannually to the Bond Registrar after January 1, 1990, and used to call Bonds for redemption prior to their maturity after January 1, 1990. Any payoff monies received prior to or on January 1, 1990, shall be invested by the Treasurer in lawful investments as prescribed by statute for investing sinking funds of the State of Arizona or any political subdivision thereof , and the proceeds of such investments shall be applied as needed to the reserve fund established in Section 9 hereof, to the redemption of Bonds prior to maturity, and to payment of the administrative costs of the District. The bonds shall not constitute a general obligation or indebtedness of Navajo County, Arizona but shall be payable solely from the proceeds of said assessment installments or payoffs plus premiums and penalties as provided herein.

Section 9. Pursuant to Title 11, Chapter 5, Article 1, Section 11-734H, Arizona Revised Statutes, as amended, a reserve fund is hereby established by the Board of Directors of the District, such reserve fund to be funded first out of the proceeds of the sale of the Bonds, or if not sufficient in amount, out of an increase in the amount of the annual assessment installments, over and above the amount required to pay principal and interest on the Bonds for the current year. The 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 of Navajo County, as compared to the total annual assessment

installments for the year. In the first year said percent shall be determined by using Navajo County's general ad valorum taxes in lieu of the previous year's annual assessment installment. The District covenants with the holders of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, monies on deposit in any fund or account in connection with the Bonds, whether or not such monies are derived from the proceeds from the sale of the Bonds, or from any other sources, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, including Treas. Reg. Sec. 1.103-13, Sec. 1.103-14 and Sec. 1.103-15, as the same exist on the date hereof, or as the same may hereafter be amended, supplemented or revised.

Section 10. The sale of the Bonds to Young, Smith & Peacock at a purchase price of $182,400 in accordance with their proposal dated August 14, 1984 is hereby approved and the Chairman of the Board of Directors of the District and the Clerk of the District are hereby authorized to indicate such approval by execution of the proposal dated August 14, 1984, submitted to the Board of Directors of the District and the Treasurer, is hereby authorized to deliver the Bonds to Young, Smith & Peacock upon receipt of payment of the purchase price thereof, including all principal, premium bid, if any, plus interest accrued from August 1, 1984, to the date of payment therefore. The proceeds from the sale of the Bonds shall be deposited with the Treasurer and held for the credit of the District. The proceeds from the sale of the Bonds shall be applied to the payment of the cost of constructing collector sewers and related appurtenant facilities within the District in accordance with the approved plans, specifications and bid documents prepared by Keith Shreeve, P.E., and to pay costs incurred in connection with the issuance of the Bonds. Such proceeds shall be used to make monthly payments to the Contractor on a basis of 90% of the value of the work actually performed, as estimated by the Engineer who will superintend the construction of the Project; to and including the last day of each preceding calendar month. Pending use of the Bond proceeds, the Treasurer shall invest the Bond proceeds in any investments for which sinking funds of the State of Arizona or any political subdivision thereof may be invested. Upon the approval of the assessment and the completion of construction, all monies remaining in the Construction Fund not expected to be used to pay the final amounts owed to the Contractor or for the payment of interest or the payment of final incidental expenses shall be transferred to the principal account of the aforementioned special fund and be applied first to the creation of the reserve fund, as established by Section 9 hereof, and then to the payment of the Bonds.

Section 11. The payment of the cost of issuance in the following amount is hereby approved and the Treasurer and Finance Officer of Navajo County, Arizona, are authorized to immediately pay the demands for payment of the following persons upon receipt of said demands and the proceeds from the sale of Bonds plus prepaid assessments so long as the amounts do not exceed the estimates on file with the Clerk as if such demands were fully executed by and separately approved by the Board of Directors of the District (Board of Supervisors of Navajo County, Arizona):

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|---|---|
| Financial Consultant:<br>Young, Smith & Peacock, Inc. | $1,500.00 |
| Bond Counsel:<br>Law Office of John G. Gliege | $2,884.38 |

This section does not preclude payment to any of the above named parties for additional or other services rendered to the District for this Project either in the past or future.

Section 12. This Resolution constitutes a contract with the holders of the Bonds. Subsequent to delivery of any of the Bonds 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 holders of all the principal amount of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a modification in the rate or rates of interest thereon, or in the amount of the principal obligation thereof, or affecting the unconditional promise of the District to pay the principal of and interest on said Bonds as they shall become due from the moneys in the Special Bond Fund, or reduce the percentage of Bondholders required to consent to any material modification or amendment of this Resolution, without the consent of all of the holders of such Bonds.

Section 13. If then permitted by law, the District may issue obligations for the purpose of refunding the Bonds or for any other lawful purpose payable from the assessments deposited in the Special Bond Fund created pursuant to Section 8 hereof, provided that prior to or simultaneously with the issuance of such obligations there shall have been irrevocably deposited with the Treasurer of Navajo County, Arizona or a bank or trust company and pledged to the payment of the Bonds, 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 Bonds as and when the same shall become due and payable.

Section 14. All actions taken by the Board and Clerk with respect to the execution and circulation of the Notice and with respect to receiving and opening the bids and announcing the lowest bidder are hereby ratified and confirmed and all prior acts of the Board and Clerk of the District, and the Superintendent of Streets, Deep Forest Drive-Two County Improvement District, are hereby ratified and confirmed.

Section 15. This Resolution shall take effect immediately.

ADOPTED this 14th day of August, 1984.

DEEP FOREST DRIVE-TWO
COUNTY IMPROVEMENT DISTRICT

BY: _____
Chairman

Attest:

Sharon D. Young
Clerk

DT2/RAuthSale3