

RESOLUTION NO. 154-84

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT

A RESOLUTION APPROVING THE REGISTRAR, TRANSFER AGENT
AND PAYING AGENT AGREEMENT WITH VALLEY NATIONAL BANK
FOR THE SALE OF BONDS FOR
DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT
ROAD IMPROVEMENT BONDS OF 1984.

WHEREAS, the Deep Forest Drive-Two County Improvement District is selling sewer improvement bonds to finance sewer improvements within Deep Forest Drive-Two County Improvement District; and

WHEREAS, to facilitate the sale of these bonds the Deep Forest Drive-Two County Improvement District needs a Registrar, Transfer Agent and Paying Agent; and

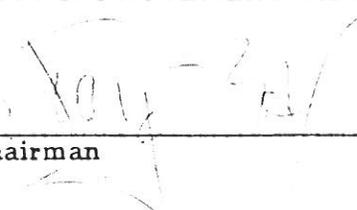
WHEREAS, the Valley National Bank has offered to perform such services; and

WHEREAS, the Board of Directors of the Deep Forest Drive-Two County Improvement District has adopted a Resolution Authorizing the Signing of an Agreement with Valley National Bank to perform such services.

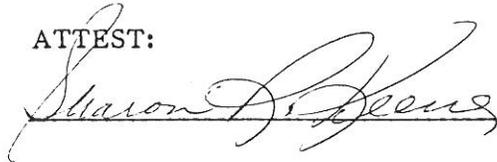
NOW THEREFORE BE IT RESOLVED THAT:

The Board of Directors of the Deep Forest Drive-Two County Improvement District hereby approves the Agreement with Valley National Bank to be Registrar, Transfer Agent and Paying Agent for Deep Forest Drive-Two County Improvement District Road Improvement Bonds of 1984.

DEEP FOREST DRIVE-TWO
COUNTY IMPROVEMENT DISTRICT

BY: 
Chairman

ATTEST:



DT2/ResBdDir2

BOND REGISTRAR, TRANSFER AND PAYING AGENT

CONTRACT FOR BONDS OF THE

DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT

This Agreement made and entered into this ____ day of _____, 1984 between the DEEP FOREST DRIVE-TWO COUNTY IMPROVEMENT DISTRICT (hereinafter called "District") and THE VALLEY NATIONAL BANK OF ARIZONA, Phoenix, Arizona (hereinafter called "Bank").

The District will issue one series of Bonds, which will be known as the Sewer Improvement District Road Improvement Bonds of 1984 in the principal amount of not to exceed \$ _____ (hereinafter called the "Permanent Bonds" or the "Bonds"). The Board of Directors of the Deep Forest Drive-Two County Improvement District, Navajo County, Arizona have determined that the services of a Registrar, Transfer and Paying Agent are necessary in the interest of the District.

Bank desires to perform Registrar, Transfer and Paying Agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. Services. Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to (1) at the time of closing, or in accordance with the terms hereof, upon receipt of the Bond proceeds by the District initial authentication and verification of the Bonds; (2) providing a place for the Bond closing if requested by the District; (3) keeping registration books in compliance with United States Internal Revenue Code Section 103 (j); (4) recording transfers of ownership of the Bonds promptly as such transfers occur; (5) protecting against double or overissuance; (6) authenticating new Bonds prepared for issuance to transferees; (7) informing the District of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate; (8) lodging with the District the signatures of the persons authorized from time to time to authenticate the Bonds.

B. Transfer Agent Services which shall include, but not be limited to, (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering same for authentication; (3) destroying Bonds submitted for transfer; (4) preparing and executing proper certificates of destruction; (5) providing proper information for recordation in the registration books.

C. Paying agent services shall include, but not be limited to (1) providing a billing to the District at least thirty (30) days prior to a Bond principal and interest payment date setting forth the amount of principal and interest due on such date; (2) preparing, executing and mailing proper interest payment checks to each of the registered owners of the Bonds one (1) business day prior to the scheduled payment date; (3) verifying all matured Bonds upon their surrender; (4) paying principal and all final interest installments at maturity or prior redemption and redemption premiums, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the District and the Arizona Department of Revenue; (6) keeping inventory of all cancelled checks, or making and retaining microfilm proof of

such checks, showing interest payments for twenty years (20) or for such longer period if advised by the District or its bond attorney or attorneys that a longer period is required by the statute of limitations; (7) Mailing notices of redemption, if applicable.

2. Record Date. The record date for the payment of interest will be the fifteenth (15th) day of the month preceding an interest payment. Normal transfer activities will continue after the record date but interest payments (at maturity or prior redemption) will be mailed to the registered owner of the respective Bond as shown on the books of the Bank on the close of business on the record date. Principal and the last interest payment (and premium, if any) shall be paid on surrender of the particular Bond at or after its maturity or prior redemption date, as applicable.

3. Issuance and Transfer of Bonds. The Bank will issue Bonds to registered owners, require Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of Bonds;

4. Payment Deposits. The District will transfer immediately available funds to the Bank no later than one (1) business day prior to the date on which the interest, principal and premium payments (if any) are due on the Bonds. The Bank hereby agrees that all moneys held by it as paying agent shall be held in trust for the benefit of the holders of the Bonds.

5. Collateral Bank. Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. Section 35-323 and 35-491.

6. Turnaround Time. Bank will comply with the 72 hour turnaround time required by Securities and Exchange Commission Rule 17(A) (d)(2) on routine transfer items.

7. Fee Schedule ; Initial Fee. For its service under this Agreement, the District shall pay the Bank in accordance with the fee schedule set forth in the attached Appendix A, which is incorporated herein by reference. The initial fee for the Bank's services hereunder until the end of the District's current fiscal year shall be the amount of \$ _____ and shall be due at the initial delivery of Bonds and shall be payable from proceeds of the Bonds.

8. Fees for Services in Subsequent Fiscal Years. After June 15th and prior to July 1st of each year, the Bank shall submit a written statement to the District setting forth the anticipated fees and expenses for the Bank's services hereunder during the next succeeding fiscal year and further stating whether the amount paid to the Bank for its services hereunder during the current fiscal year is less than the Bonds actual fees and expenses for services during such current fiscal year. One-half of the amount of the fees and expenses set forth in such statement shall be paid to the Bank by the District on or before November 15th and June 15th of each year. Any amounts owed to the Bank, but not paid during the current fiscal year, shall be paid by the District at the times of payment to the Bank for its services in the next succeeding fiscal year.

9. Facility and Services. If requested by the District, the Bank will provide a facility for the examination and packaging of Bonds prior to the Bond closing and assist with all details of the Bond closing, including the transfer of Bond proceeds. The Bank will cause its authorized officer to execute the authentication on the face of the Bonds

at least one (1) day prior to the actual closing. With the approval of the District and upon indemnification as the Bank shall determine, custody of the Bonds may be given to the initial purchaser at least one (1) day prior to closing.

10. Hold Harmless. Bank shall indemnify and hold harmless the District, and all boards, officials, officers and employees of the District, individually and collectively, from the Bank's failure to perform to the standard of care required of the Bank hereunder.

11. Standard of Care Required of Bank. In performing its duties hereunder, the Bank shall exercise that care which a prudent person would exercise in dealing with his own property and funds.

12. Entire Agreement. This Agreement and Appendix A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of all parties hereto.

13. Amendment/Termination The District reserves the right to terminate any service of the Bank set forth in this Agreement or all of the services upon providing a sixty (60) day prior written notice.

14. Receipt. By signature of its authorized officer below, the Bank hereby acknowledges receipt of (1) resolution(s) of the Board of Director of the Deep Forest Drive-Two County Improvement District authorizing the issuance of the Bonds and the Notices Inviting Proposals for the Purchase of the Bonds and the proposals of the winning bidders therefor; (2) The District's Receipt acknowledging payment of the entire principal amounts of Bonds and any interest or premiums due thereon; (3) the Bond Counsel opinions of _____; and (4) the debt service payment schedule.

15. Reports to Arizona Department of Revenue. The Bank shall make such reports relating to the issuance of the Bonds as the Arizona Department of Revenue ("Department") requires pursuant to A.R.S. Sections 35-501 and 35-502, or successor statutes thereto, and shall notify the Department of the retirement of any Bonds and of all payments of interest thereon for each semiannual interest or Bond retirement payment. Alternately, the Bank shall agree to provisions for the making of such reports acceptable to the Bank, District and the Department. Copies of all reports shall be delivered to the District.

16. Form of Records. The records of the Bank shall be in such form as to be in compliance with standards issued from time to time by the Municipal Securities Rule Making Board of the United States, any other applicable securities industry standard and the requirements of Section 103 of the Internal Revenue Code of 1954.

17. Advice of Counsel. When the Bank deems it necessary or reasonable, it may apply to the Law Office of John G. Gliege or such other law firm or attorney approved by the District for instructions or advice. When consented to in writing by the District, costs and expenses for such legal advice shall be paid by the District.

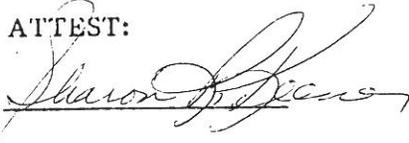
18. Examination of Records. The District, or its duly authorized agents may examine records relating to the Bonds at the principal office of the Bank at reasonable times as agreed upon with the Bank and such records shall be subject to audit from time to time at the request of the District or the Bank. On request, the Bank will furnish the

District with a list of the names, addresses and other information concerning the owners of the Bonds or any of them.

19. Payment of Unclaimed Amounts. In the event any check representing payment of interest on the Bonds is returned to the Bank without endorsement or is not submitted to the Bank for payment, or any Bond is not presented for payment of principal or the final interest installment at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon the Bonds shall have been made available to the Bank for the benefit of the owners thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to the amounts due. The Bank's obligation to hold such funds shall continue for a period of at least two years and six months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time Bank shall surrender any remaining funds so held to the District, whereupon any claim of whatever nature by the owners of such Bonds arising under the Bonds shall be made upon the District.

20. Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

ATTEST:



APPROVED AS TO FORM:

BOARD OF DIRECTORS
DEEP FOREST DRIVE-TWO COUNTY
IMPROVEMENT DISTRICT

BY:  _____

THE VALLEY NATIONAL BANK OF ARIZONA

BY: _____

DT2:ContBds2