RESOLUTION NO. 79-88

HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT

RESOLUTION AUTHORIZING AND DIRECTING ISSUANCE AND SALE OF $200,000.00 PRINCIPAL AMOUNT OF HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT, NAVAJO COUNTY, ARIZONA, ROAD IMPROVEMENT BONDS OF 1988, DETERMINING THE DETAILS THEREOF; DETERMINING AND PROVIDING FOR PAYMENT OF THE COST OF ISSUANCE; APPROVING THE FORM OF NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS; RATIFYING ALL PROCEEDINGS TAKEN IN THIS MATTER TO DATE; RATIFYING THE CERTIFICATION OF THE ASSESSMENT ROLL; CONFIRMING THE ASSESSMENT; AUTHORIZING THE BOARD TO EXECUTE THE CLOSING CERTIFICATE AND CERTIFICATE AS TO ARBITRAGE; AUTHORIZING THE CHAIRMAN TO EXECUTE THE REGISTRAR AND PAYING AGENT'S AGREEMENT; RATIFYING THE EXECUTION OF THE CONSTRUCTION CONTRACT

1. "District" or "Improvement District" shall mean the High Country Pines County Road Improvement District authorized to improve and pave roads within the District pursuant to Title 48, Chapter 6, Article 1 of the Arizona Revised Statutes.

2. "Board" shall mean the Board of Directors of the High Country Pines County Road Improvement District;

3. "Clerk" shall mean Sharon Keene, the Clerk of the High Country Pines County Road Improvement District;

4. "Project" shall mean the High Country Pines County Road Improvement District Road Improvement of 1988.

5. "District Engineer" shall mean Burgess & Niple.

6. "Treasurer" shall mean the Navajo County Treasurer.

7. "Notice" shall mean the Notice Inviting Proposals for Purchase of Bonds.

8. "The Bond" or "The Bonds" shall mean the High Country Pines County Road Improvement District Road Improvement Bonds of 1988.

9. "Chairman" shall mean the Chairman of the Board of Directors of the High Country Pines County Road Improvement District.

WHEREAS, on November 2, 1987, the Board passed and adopted Resolution No. 103-87 which declared its intention to improve the property within the Improvement District through the construction and installation of road improvements and paving determined that improvement bonds be issued to represent the costs and expenses thereof and that the costs and expenses thereof be assessed upon the Improvement District, and provided that the proposed work or improvement be performed under the provisions of Title 48 Chapter 6, Article 1, Arizona Revised Statutes the said work or improvement, the Improvement District to be assessed and the improvement bonds to be issued are more fully described in Resolution No. 103-87 to which reference is hereby

made for such descriptions; and

WHEREAS, Resolution No. 103-87 was published as prescribed by law; and

WHEREAS, the District 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. 103-87 and further caused said notice to be mailed to all property owners within said Improvement District; and

WHEREAS, no protests against the proposed work or improvement or objections to the extent of the District described in Resolution No. 103-87 were filed with the Board during the time prescribed by law; and

WHEREAS, on December 21, 1987, the Board passed and adopted Resolution No. 125-87 which ordered that the proposed work or improvement be done as described in Resolution No. 103-87 and in accordance with the plans and specifications theretofore approved and adopted by the Board; and

WHEREAS, the Board entered into an Intergovernmental Agreement with several other similar districts for purposes of construction of the work, said agreement having created the Southern Navajo County Combined County Improvement Districts, which has the authority to enter into the construction contract partially funded through the sale of the bonds herein described; and

WHEREAS, the Board prepared and executed a notice of the passage of Resolution No. 125-87 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 has heretofore received bids for construction of the improvements described in Resolution No. 103-87 and as shown on the plans and specifications known as the High Country Pines County Road Improvement District Road Improvement of 1988; and

WHEREAS, on April 25, 1988 the Board passed and adopted Resolution No. 54-88 which awarded the contract for the construction of the Project to Wisner Corporation (the "Contractor"); and

WHEREAS, the total amount bid by the Contractor was $156,170.58, the total amount of incidental expenses, as shown in the Engineer's official estimate, was $70,218.00; and

WHEREAS, the District has heretofore levied and recorded an assessment for the District and the Board has delivered the Assessment to 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 the District has been filed with the Clerk; and

WHEREAS, at any time after the recording of the return of the Assessment and awarding the contract, the Board may, by resolution, direct that improvement bonds be issued in an amount which shall not exceed the total amount of all unpaid assessments greater in amount than $25.00 as shown on the certified list of unpaid assessments; and

WHEREAS, on _____, 1988, the District and the Contractor entered into a contract whereby the Contractor agreed to construct the Project in accordance with the plans and specifications and its proposal; and

WHEREAS, the Board has caused to be executed and circulated a Notice Inviting Proposals for Purchase of Bonds (the "Notice); and

WHEREAS, the District has this date received bids for the purchase of the Bonds; and

WHEREAS, the best bid received, a copy of which is attached hereto, was the bid of _____ offering to pay the par value for the Improvement Bonds, plus a premium of $_____ less a discount of $_____ and plus interest on the Bonds from _____ 1988, to the date the bonds are picked up and payment is made therefore and, upon such payment to the District, to accept the Bonds bearing interest at the rate set forth in the offer from the date of the Bonds to each Bond's respective maturity date; and

WHEREAS, by this Resolution the Board desires to (i) authorize the issuance of $200,000 principal amount of bonds payable from unpaid special assessments levied upon the lots, pieces and parcels of land included within the boundaries of the District benefiting from the Project; (ii) ratify all acts of the Board taken with respect to the execution and circulation of the Notice and the receipt of such proposals; (iii) prescribe the form of such Bonds; and (iv) ratify and confirm all prior acts of the Board, District Engineer and of the Treasurer, with respect to the Improvement District; and

WHEREAS, at all times pertinent hereto the District has been in full compliance with Arizona Revised Statutes Section 38-431 et seq. pertaining to the conduct of its meetings and the provision of lawful notice therefore; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HIGH COUNTRY PINES COUNTY ROAD 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 $199,600.

Section 2. The Notice as published in the Official Statement relating to the Bonds, dated June 7, 1988, 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 construction of the improvements and incidental costs, more particularly described in Resolution No. 103-87 adopted on November 2, 1987, there is hereby authorized the issuance and sale of $200,000 in principal amount of Bonds of the District to be designated "High Country Pines County Road Improvement District, Navajo County, Arizona, Road Improvement Bonds of 1988" (the "Bonds"). The Bonds shall be dated June 1, 1988, shall be numbered, by maturity, from 1 consecutively upwards, shall be fully registered Bonds without coupons, shall be in the denomination of $5,000.00 or any integral multiple thereof except that bonds of the first maturity may be issued in a lessor denomination if the first

maturity is not evenly divisible by $5,000.00. The Bonds shall bear interest at the rate specified in the accepted offer for all maturities, from the most recent January 1 or July 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, 1989, and semiannually thereafter on July 1 and January 1 of each year during the term of each of the Bonds. The principal of the Bonds shall be payable on January 1 of the year in which they mature 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 thereof, 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 for which provisions has not been duly made shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner 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 registered owners of the Bonds 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, 1990	$15,000	January 1, 1995	$20,000
January 1, 1991	$15,000	January 1, 1996	$20,000
January 1, 1992	$15,000	January 1, 1997	$25,000
January 1, 1993	$15,000	January 1, 1998	$25,000
January 1, 1994	$20,000	January 1, 1999	$30,000

The Valley National Bank of Arizona is hereby appointed as Bond Registrar and Paying Agent and the Chairman of the Board 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 registered 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 authorized denominations (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 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. All Bonds are subject to redemption prior to their respective maturities. The Bonds are subject to redemption prior to maturity, in whole or in part, on January 1, 1991, 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 a percentage of the principal amount of the Bonds to be redeemed, as set forth below payable from any source lawfully available therefor:

Redemption Dates	Premium
January 1, 1991 through and including July 1, 1994	5%
January 1, 1995 and July 1, 1995	4%
January 1, 1996 and July 1, 1996	3%
January 1, 1997 and July 1, 1997	2%
January 1, 1998 and July 1, 1998	1%
Thereafter no premium shall be paid	

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 the maturity on either side thereof commencing with the later adjacent maturity, so that Bonds called for redemption shall be a pro rata part of each maturity for which the current levy of the Annual Assessment Installment has been posted to the records of the District or where Annual Assessment Installments are collected as a part of the Property Tax bill, posted to the Tax Bills. 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. 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 registered owner of Bonds shall not affect the validity of the proceedings for the redemption of Bonds with respect to the registered owners of other Bonds. Any property owner who pays off his assessment prior to the end of the term of the bonds shall pay such amounts as set forth in Section 8 hereof.

Section 5. The Bonds shall be executed on behalf of the District by the facsimile signature of the Chairman of the District and attested by the facsimile signature of the Secretary of the Board and the facsimile seal of the District affixed thereto. The Bonds shall not be valid unless and until authenticated by the Bond Registrar. In case any officer who shall have signed or authenticated 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 Board.

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United States of America
State of Arizona
County of Navajo
High Country Pines County Road Improvement District, Navajo County, Arizona

HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA
ROAD IMPROVEMENT BOND OF 1988

REGISTERED OWNER:

PRINCIPAL AMOUNT:

INTEREST RATE: _____% per annum

MATURITY DATE:

ORIGINAL ISSUE DATE: June 1, 1988

CUSIP:

KNOW ALL MEN BY THESE PRESENTS that the High Country Pines County Road Improvement District, Navajo County, Arizona, a duly organized improvement district (the "District") promises to pay, 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, said interest payable semiannually on the first days of January and July of each year commencing on July 1, 1989, 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 hereof 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 for which provision has not been duly made shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner 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 registered owners of the Bonds 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 hereof 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, Phoenix, Arizona. The Bond Registrar and Paying Agent may be changed without notice.

The Bonds are subject to redemption prior to their respective maturities. Bonds are subject to redemption prior to maturity, in whole or in part, on January 1, 1991, 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 a percentage of the principal amount as set forth below:

Redemption Dates	Premium
January 1, 1991 through and including July 1, 1994	5%
January 1, 1995 and July 1, 1995	4%
January 1, 1996 and July 1, 1996	3%
January 1, 1997 and July 1, 1997	2%
January 1, 1998 and July 1, 1998	1%
Thereafter no premium shall be paid	

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 commencing with the later adjacent maturity. 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 registered owner of Bonds shall not affect the validity of the proceedings for the redemption of Bonds with respect to the registered owners of other Bonds.

The Bond Registrar will maintain the books of the District 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 registered 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 authorized denominations (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 this 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 an issue of Bonds of like tenor and date for the total sum of $200,000 in aggregate principal amount issued pursuant to Resolution No. _____ (the "Resolution"), adopted on June 13, 1988, for that certain improvement in said District consisting of the improvement and paving of certain roads within the High Country Pines County Road Improvement District (the "Improvement District") initiated by Resolution No. 103-87 adopted on November 2, 1987, 1987, 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 Improvement 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 issue 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 issue 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.

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.

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, the Board of Directors of the High Country Pines County Road Improvement District, Navajo County, Arizona has caused this Bond to be executed in the name of said District by the facsimile signature of the Chairman of the Board of Directors of the High Country Pines County Road Improvement District, Navajo County, Arizona, and countersigned by the facsimile signature of the Clerk of the Board of Directors of the High Country Pines County Road Improvement District, Navajo County, Arizona, and the corporate seal of the District to be printed hereon.

HIGH COUNTRY PINES COUNTY ROAD
IMPROVEMENT DISTRICT,
ARIZONA

BY: _____
Percy Deal, Chairman, Board of Directors
High Country Pines County Road Improvement
District, Arizona

COUNTERSIGNED:

_____
Sharon Keene, Clerk
High Country Pines County Road Improvement
District, Arizona

Seal

DATE OF AUTHENTICATION AND REGISTRATION:

AUTHENTICATION CERTIFICATE

This Bond is one of the High Country Pines County Road Improvement District Road Improvement Bonds of 1988, described in the Resolution mentioned heretofore in this Bond.

THE VALLEY NATIONAL BANK OF ARIZONA,
as Bond Registrar

BY: _____
Authorized Representative

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 included 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 OWNER HEREOF ON THE DATE OF TRANSFER

Section 7. Until the definitive Bonds are prepared, the Chairman and the Secretary of the District may execute, attest 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, 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 Registrar and Paying Agent, upon the surrender of such temporary Bonds, for exchange, and upon cancellation of such surrendered temporary Bonds, without charge to the registered owner 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 Governing Body of the District shall cause to be levied and collected the semi-annual assessment installments to be paid by the owners of properties within the Improvement District, all as shown on the recorded Assessment. All assessments shall be collectable in the manner and by the officers provided by the law for the collection and enforcement of the general taxes levied by the District in accordance with Arizona Revised Statutes Section 48-946. All proceeds of such assessments shall be placed in a special fund to be created by the Treasurer to be known as the "High Country Pines County Road Improvement District Special Bond Fund" hereby established pursuant to Section 48-933 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, 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 Notice, plus a prepayment premium equal to five percent (5%) of the principal balance of the assessment which is paid in full. The proceeds of such payoffs shall be accounted for separately and shall, as provided in this Resolution, be transferred semiannually to the Bond Registrar and used to call Bonds for redemption prior to their maturity. Any payoff monies received prior to their transfer to the Bond Registrar 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 to the redemption of Bonds prior to maturity. The Bonds shall not constitute a general obligation or indebtedness of the District or 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. The District covenants with the registered owners 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 148 of the Internal Revenue Code of 1986, (the Code) and any and all regulations promulgated thereunder. Further, the District covenants, that it will seek competent professional assistance to adequately assure compliance with the Code.

Section 10. Pursuant to Title 48, Chapter 6, Article 1, Section 48-935 H, 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 are or were not timely collected by the Treasurer, as compared to the total annual assessment installments for the year. In the first year said percentage shall be determined by using Navajo County's general ad valorum taxes, for the area encompassed by the District, in lieu of the previous year's annual assessment installment. However, at no time shall the amount of funds in the reserve fund exceed ten percent (10%) of the total principal amount of Bonds issued hereunder, exclusive of the amount issued to pay the costs of issuance thereon. In addition, the Board covenants that in the event that sufficient revenues are not in the Bond Fund to pay any installment of principal or interest when due, that the Board will cause to be transferred into or paid into the Bond Fund, from any lawful source, sufficient monies to pay all principal and interest payments on the Bonds in a timely manner. The Board shall not, however, make any transfer into said fund which would cause the interest on the Bonds to no longer be tax exempt.

Section 11. The sale of the Bonds to _____ at a purchase price of $_____ in accordance with their proposal dated _____, 1988, is hereby approved and the Chairman and the Clerk of the District are hereby authorized to indicate such approval by execution of such proposal submitted to the Board, and the Treasurer is hereby authorized to deliver the Bonds to the Bond Registrar for delivery to the purchaser upon receipt of payment of the purchase price thereof, including all principal, premium bid, if any, plus interest accrued from June 1, 1988, 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 improving and paving certain roads within the Improvement District, and incidental expenses in accordance with the approved plans, specifications and bid documents prepared by the District Engineer, and to pay costs incurred in connection with the issuance of the Bonds. 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 or in the pooled investment fund established pursuant to Arizona Revised Statutes Section 35-326. 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 Bond Fund and be applied to the reduction of all assessments and refunded to those persons who paid their assessments in cash and the remainder to the redemption of the Bonds.

Section 12. This Resolution constitutes a contract with the registered owners 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 registered owners 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 monies 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 registered owners 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 the District 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, or Superintendent of Streets with respect to the execution and circulation of the Notice and with respect to receiving and opening the bids and announcing the winning bidder are hereby ratified and confirmed and all prior acts of the Board or Superintendent of Streets are hereby ratified and confirmed.

Section 15. The Board hereby ratifies and approves the form of the Notice Inviting Proposals for the Sale of Bonds and incorporates the terms and conditions set forth therein into this resolution as if the same were fully set forth herein.

Section 16. The Board hereby and ratifies all proceedings taken in this matter to date.

Section 17. The Board hereby confirms the assessment and ratifies the certification by the Superintendent of Streets of the unpaid Assessments for the High Country Pines County Road Improvement District.

Section 18. The Board ratifies the acts of the Superintendent of Streets in signing the contract for the construction of the improvements within the District.

Section 19. The Board hereby ratifies the Official Statement of the District with respect to the Bonds, said Official Statement dated June 7, 1988.

Section 20. The Chairman of the Board, and the Clerk of the Board are hereby authorized to execute the Closing Certificates for the sale of the Bonds.

Section 21. The Chairman of the Board is hereby authorized to execute the Registrar and Paying Agent Agreement for the Bonds.

Section 22. The District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. The District certifies that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986) which will be issued for or by the District in calendar year 1988 will not exceed $10,000,000.

Section 23. Pursuant to an intergovernmental agreement between the District and other similar districts, the Work being performed hereunder is pursuant to a construction contract covering Work in the additional districts. To insure sufficient moneys are available to complete the entire project, sale and delivery of these Bonds will be contingent upon and occur simultaneously with the sale and delivery of the Bonds of the other districts. Bids on the Bonds of the other districts will be received on a date to be set by each respective District. Bidders for these District Bonds may, but are not required to, bid on the other districts' bonds. Each issue of Bonds will be awarded separately and bids will not be aggregated.

ADOPTED this ___ day of _____, 1988.

HIGH COUNTRY PINES COUNTY ROAD
IMPROVEMENT DISTRICT, ARIZONA

BY: _____
Chairman
High Country Pines County Road Improvement
District, Arizona

ATTEST:

_____
Clerk

DZ13/Rauthsale
r.06/03/88

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CLOSING CERTIFICATE AND CERTIFICATE AS TO ARBITRAGE HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT

The undersigned, the Chairman of the Board of Directors of High Country Pines County Road Improvement District, and the Clerk of the High Country Pines County Road Improvement District (the "District"), DO HEREBY CERTIFY as follows:

1. That they are presently the duly qualified and acting Chairman and Clerk of the High Country Pines County Road Improvement District, and as such are familiar with the books and records of the District.

2. That the District is properly organized and that the undersigned are aware of no actions or omissions by the District or any third parties to defeat or void it or to reduce, infringe upon defeat or void its power to issue securities such as the bonds described herein.

3. That on the date hereof the following persons are the duly qualified and acting members of the Board of Directors of the District:

Percy Deal	Chairman
Pete Shumway	Member
Marlin Gillespie	Member
Larry Layton	Member
David Tsosie	Member

4. That on November 2, 1987, the Board of the District adopted : (i) Resolution No. 103-87 preliminarily adopting and approving plans, specifications, and cost estimate, and of intention to order improvements, to construct certain improvements within the District more fully described therein (the "Project"); and (ii) that the meeting of November 2, 1987, was duly called and held in accordance with law.

5. That on December 21, 1987, the Board of the District adopted a Resolution Ordering Improvements and Approving the Diagram, Resolution No. 125-87, and that the meeting of December 21, 1987, was duly called and held in accordance with law.

6. That on April 25,1988, the District adopted a Resolution tentatively awarding a contract for construction of the Project to Wisner Corporation, Resolution 54-88; and that the meeting of April 25, 1988 was duly called and held in accordance with law.

7. That on June 13, 1988, the Board of the District adopted Resolution No. -88 (the "Bond Resolution"): 1) authorizing the issuance of the District's $200,000 Road Improvement Bonds of 1988 (the "Bonds") to finance the cost of improving and paving certain roads within the District and costs of issuance of the Bonds; 2) the sale of the Bonds to _____ (the "Purchaser") at par less a discount of _____ plus accrued interest from June 1, 1988 to the date of delivery of the Bonds; 3) approving the form of the Notice Inviting Proposals for the Purchase of Bonds; 4) confirming the assessment and ratifying all proceedings; 5) authorizing the Chairman to sign the Closing Certificate and the Certificate as to Arbitrage; 6) ratifying the execution of the Construction Contract; 7) authorizing the Clerk to execute the Official Statement; and 8) that the meeting of June 13, 1988 was duly called and held in accordance with law.

8. That the resolutions referred to in paragraphs 4 through 7 above are in full force and effect and have not been altered, amended, repealed, revoked or rescinded as of the date hereof.

9. The Bonds have been duly executed by the original or facsimile signatures of the undersigned Chairman and Secretary, the facsimile signatures said Chairman and Secretary hereby adopt and ratify and hereby approve the signing of said Bonds thereby, said Bonds being dated June 1, 1988, maturing on January 1 in each of the years, in the principal amounts, and bearing interest at the rate of _____% per annum, as set forth below:

Maturity Date	Principal Amounts
1990	$15,000
1991	15,000
1992	15,000
1993	15,000
1994	20,000
1995	20,000
1996	20,000
1997	25,000
1998	25,000
1999	30,000

10. That, in accordance with applicable law and the Bond Resolution, there may be duly prepared, executed by the Chairman and Clerk, and authenticated by the Bond Registrar and delivered to the urchaser, temporary bonds in the principal amount of not to exceed $200,000 with interest and principal payable as provided in the Bond Resolution.

11. That the Bonds constitute the only Bonds or other obligations of the District in any manner secured by or payable from the special assessments levied by the District, pursuant to these proceedings or any proceedings held prior hereof, against the real property within the District. The District has not issued and does not expect to issue any obligations, other than the Bonds, which have been or will be: (i) issued at substantially the same time as the Bonds; (ii) sold pursuant to a plan of financing common to that of the Bonds; and (iii) paid out of substantially the same source of funds (or having substantially the same claim to be paid out of substantially the same source of funds) as the Bonds.

12. That the District has no rules of procedure which would invalidate or make ineffective any of the actions of the District referred to in paragraphs 4 through 9 above.

13. That, to the best of our knowledge, no member of the Board of Directors of the District, or any other officer, employee or agent of the District is interested (except in the performance of his official rights, privileges, powers and duties), directly or indirectly, in the profits of any contract or job for work or services to be performed, pertaining to the issuance of the Bonds.

14. That, pursuant to the terms of the Bond Resolution, the proceeds from the sale of the Bonds are to be deposited with the Treasurer of the District for the account of the District.

15. That no litigation is pending or, to our knowledge, threatened; (i) to restrain

or enjoin the issuance or delivery of the Bonds, the levy or collection of the assessments pledged for the payment thereof or construction of the Project; (ii) in any way contesting or affecting the authority for the issuance of the Bonds, the levy or collection of the assessments or the construction of the Project or the titles of the members of the Board of Directors or any of them to their offices.

16. The sale of the Bonds and the execution and delivery of the Official Statement and compliance with all provisions of each thereof by the District will not conflict with or constitute on the part of the District a violation or breach of, or default under any judgment, decree, law, statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the District or over any of its activities or properties, or, to the best of the undersigned's knowledge after due inquiry, any resolution, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument to which the District is a party or by which it or its properties may be bound.

17. That at all times relevant hereto the District has complied with the provisions of Arizona Revised Statutues Section 38-431 et seq pertaining to the conduct of its meetings and the maintenance of the records thereof.

18. That the persons named below are on the date hereof the duly qualified and acting incumbents of the offices of the District set opposite their respective names and the signatures appearing at the right of their respective names are the genuine official signatures of said officers:

Title	Name	Signature
Chairman	Percy Deal	
Clerk	Sharon Keene	

19. The Bonds are being issued for the purpose of providing funds to be applied to the (i) payment of the costs of constructing certain improvements (the "Project") which project was initiated on Resolution of Intention No. 103-87, adopted by the Board of Directors of the District on November 2, 1987, (ii) payment of incidental expenses, including engineering, legal, and financial consulting fees, publishing and posting costs, costs incurred in making the assessments, and costs of inspection (the "Incidental Expenses") and, (iii) the payment of interest on the Bonds during the period of construction of the Project and for a period of approximately three months thereafter.

20. The Bonds are being delivered to the Purchaser thereof for an aggregate purchase price of $ plus accrued interest from June 1, 1988.

21. In accordance with the terms of the Bond Resolution, it is expected that the proceeds from the sale of the Bonds (exclusive of accrued interest which will be deposited in the Bond Fund as hereinafter defined) will be deposited in a special fund, along with all prepaid assessments received, and funds received from the Developer of the property pursuant to an agreement with Navajo County, with the Treasurer of Navajo County, the ex officio Treasurer of the District and will be fully needed for and applied to the payment of costs of the Project and costs of issuance of the Bonds, as follows:

Construction of Facilities	$165,000.00
Construction Contingency	33,000.00

Costs of Issuance		10,216.00
Engineering		25,000.00
Capitalized Interest		35,035.00
Administrative and Legal		18,359.00
Reserve fund		20,540.00
	TOTAL:	$307,150

22. It is expected that all of the proceeds from the sale of the Bonds, together with any interest earnings thereon, will be expended within one year from the date hereof to pay for part of the costs of construction of the Project and Costs of Issuance of the Bonds. Any proceeds from the sale of the Bonds which remain after the payment of such costs and expenses will be used to reduce the annual assessment installments.

23. The District has, prior to or on the date hereof, entered into a construction agreement with a third party for the construction of the Project involving the expenditure of at least 2 1/2% of that portion of the costs of the Project to be financed out of proceeds of the Bonds. The District certifies that it is a small Governmental Unit as defined in the Internal Revenue Code of 1986 Section 148 (f)(4)(C) to wit:

i) it is a Governmental Unit with general taxing powers.

ii) no bonds which are a part of this issue are private activity bonds as defined in the Internal Revenue Code of 1986 Section 141.

iii) 95 percent or more of the net proceeds of such issue are to be used for local governmental activities for issuer;

iv) the aggregate face amount of all tax exempt bonds other than private activity bonds, issued by the District and all subordinate entities thereof during the calendar year in which this issue is issued is not reasonably expected to exceed $5,000,000.00

24. It is expected that construction and improvement of the Project will proceed with due diligence until completion thereof, which is expected to occur before September 15, 1988.

25. The Bonds are payable solely from assessments levied with respect to the real property within the District and it is not expected that any other source of funds will be available for or applied to payment of debt service on the Bonds. If any funded interest remains in the construction fund after completion of the construction of the Project, such funded interest shall be used to pay interest on the Bonds on the next succeeding interest date.

26. It is expected that payments of assessments will be applied to the payment of principal and interest on the bonds thereof within thirteen (13) months of the date of receipt of such payments; the District does not have sufficient prior experience with these assessments as to which may be prepaid to have any expectation with respect to whether prepayments of assessments will be made prior to the maturity of the Bonds; provided, however, to the extent that there are prepayments of assessments which are sufficient to permit the investment thereof, such prepayments shall be invested only in

investments having a yield no greater than the yield on the Bonds, as determined under Section 148 of the Internal Revenue Code of 1986, (the "Code"), unless the District shall have first received an opinion of nationally recognized bond counsel to the effect that such investment, would not have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; or unless said amounts and activities are within the Exception for Small Governmental Units set forth in the Internal Revenue Code of 1986, Section 148 (f)(4)(C).

27. That the Bonds constitute the only bonds or other obligations of the District in any manner secured by or payable from the special assessments levied by the District pursuant to these proceedings or any proceedings held prior hereto, against the real property within the District. The District has not issued and does not expect to issue any obligations, other than the Bonds, which have been or will be (i) issued at substantially the same time as the Bonds, (ii) sold pursuant to a plan of financing common to that of the Bonds, and (iii) paid out of substantially the same source of funds (or having substantially the same claim to be paid out of substantially the same source of funds) as the Bonds.

28. It is not expected that amounts on deposit in any fund or account held by the Treasurer under the Bond Resolution other than the Bond Fund will be used to pay debt service on the Bonds, except for all capitalized interest held in the Construction Fund.

29. The District has not been listed in the Internal Revenue Bulletin as an issuer whose certificate as to arbitrage may not be relied upon with respect to its own issues nor has it been advised that any such action is contemplated by the Commissioner of Internal Revenue.

30. This certification is being executed and delivered pursuant to the Internal Revenue Code of 1986, and Treasury Regulations Sections 1.103-13, 1.103-14 and 1.103-15.

31. The Bonds are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Treasury regulations, (a) enabling the Issuer to exploit the difference between tax exempt and taxable interest rates to gain a material financial advantage and (b) increasing the burden on the market for tax exempt obligations.

32. The District covenants that it will not make or permit any use of the proceeds of the Bonds which if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations promulgated thereunder, and further covenants that it will observe and not violate the requirements of Code Section 148 and any applicable regulations.

33. The District agrees that there shall be paid from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applied to the Bonds from time to time. The District agrees to engage qualified professional assistance to aid in analyzing and determining the continuing obligations, if any, of the District to rebate any arbitrage earnings in accordance with the code and all appropriate regulations promulgated thereunder.

34. The District has covenanted that if at any time it is necessary to restrict or limit the yield on the investment of any money held by the District, the District shall

take such action as may be necessary.

35. Nothing has come to the attention or perception of the undersigned that would lead the undersigned to believe that the portions of the Official Statement describing the Project, the Bonds, estimated sources and use of funds, and bondholders' risks contained in the Official Statement are not correct in all material respects as defined by the laws of the State of Arizona and those of the United States. No facts have come to our attention which lead us to believe that the Official Statement 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 are made, not misleading.

To the best of my information, knowledge and belief, the above expectations are reasonable.

IN WITNESS WHEREOF, the undersigned have hereunto set their official signatures this 8th day of June, 1988.

Chairman

Clerk

STATE OF ARIZONA)
) ss.
County of Navajo)

On this, the ____ day of _____, 1988, before me, the undersigned Notary Public, personally appeared _____ and _____, who acknowledged themselves to be the Chairman and Clerk, respectively, of the High Country Pines County Road Improvement District and that they, as such officers being authorized so to do, executed the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public

My Commission Expires:

_____

DZ13/ClsCrtHCP
r.06/03/88

w/79-88

BOND REGISTRAR, TRANSFER AND PAYING AGENT

CONTRACT FOR BONDS OF THE

HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT ROAD IMPROVEMENT DISTRICT

This Agreement made and entered into this ____ day of _____, 1988, between the HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT, (hereinafter called "District") and The Valley National Bank of Arizona, N.A., in Phoenix, Arizona (hereinafter called "Bank").

The District will issue one series of Bonds, which will be known as the High Country Pines County Road Improvement District Road Improvement Bonds of 1988 in the principal amount of not to exceed $200,000.00 (hereinafter called the "Permanent Bonds" or the "Bonds"). The Board of Directors of the District, has 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 of 1986 Section 149; (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 $250.00 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 Directors of the 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 opinion of John G. Gliege, Esq.; 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 the Internal Revenue Code of 1986.

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.

HIGH COUNTRY PINES COUNTY ROAD IMPROVEMENT DISTRICT

BY: _____
Chairman

VALLEY NATIONAL BANK

BY: _____
Title

ATTEST:

DZ3/Bond HCP

FEE SCHEDULE

High Country Pines County Road Improvement District

Intital Fee	$1.25 per bond $250.00 minimum
*Bond Transfer	$ .60 per bond $3.00 legal transfer
Annual Fee	$550.00
Out-of-Pocket expense	As incurred

* It is our understanding that the transfer fee will be paid by the transferor. Transfers received by us without the proper transfer fee attached will be rejected and returned for the proper transfer fee.

VALLEY NATIONAL BANK

DZ3/BondHCP