

RESOLUTION NO. 32-91

RESOLUTION ORDERING THE SALE OF \$350,000 AGGREGATE PRINCIPAL AMOUNT OF PINON UNIFIED SCHOOL DISTRICT NO. 4 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT BONDS, PROJECT OF 1991, SERIES A (1991).

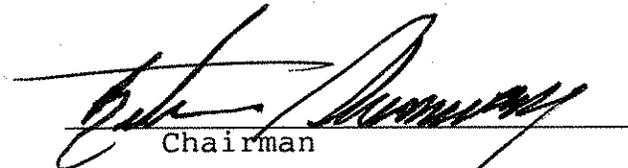
WHEREAS, a request has been received from the Governing Board of Piñon Unified School District No. 4 of Navajo County, Arizona (the "District"), requesting the Board of Supervisors to order the sale of bonds of the District in the aggregate principal amount of \$350,000 as part of an issue authorized at an election held within the District on May 21, 1991;

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA, AS FOLLOWS:

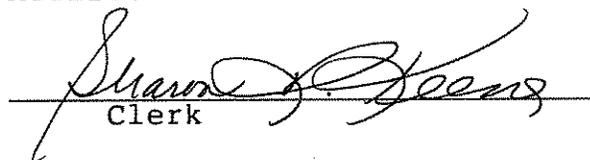
Section 1. The Board of Supervisors hereby orders the sale of Piñon Unified School District No. 4 of Navajo County, Arizona, School Improvement Bonds, Project of 1991, Series A (1991) (the "Bonds"), in the aggregate principal amount of \$350,000. The Bonds are to be sold by inviting proposals to be received on July 22, 1991.

Section 2. The Clerk is hereby directed to cause a Notice Inviting Proposals for the Purchase of Bonds to be executed and transmitted to Rauscher Pierce Refsnes, Inc., financial consultant to the District, to be included in an offering statement and circulated so as to be made known to potential bidders for the Bonds. Such Notice shall be in substantially the form attached hereto, with such additions, deletions and variations as shall be deemed advisable. The District's financial consultant is ordered and directed to compose and circulate such offering statement on behalf of the District.

PASSED AND ADOPTED on June 10, 1991.


Chairman

ATTEST:


Clerk

NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that sealed, unconditional proposals will be received to and including the hour of 11:00 a.m., Mountain Standard Time (ARIZONA IS EXEMPT FROM DAYLIGHT SAVINGS TIME), on July 22, 1991, at the Office of the Clerk of the Board of Supervisors of Navajo County at Holbrook, Arizona. At such time the Board of Supervisors of Navajo County will meet for the purpose of considering bids received and, if an acceptable bid is received, said Board shall award the contract for the purchase of all, but not less than all, of \$350,000 in aggregate principal amount of Piñon Unified School District No. 4 of Navajo County, Arizona (the "District"), School Improvement Bonds, Project of 1991, Series A (1991) (the "Bonds"). The Bonds will be dated July 1, 1991, upon initial issuance, and bear interest from the date of the Bonds to the maturity of each of the Bonds at a rate or rates per annum of not to exceed eleven percent (11%). Interest on the Bonds shall be payable on January 1, 1992, and semiannually thereafter on each succeeding July 1 and January 1 during the term of each of the Bonds. The Bonds shall mature on July 1 in the years 1992 to 1996, inclusive, as follows:

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>
1992	\$ 60,000	1995	\$ 75,000
1993	70,000	1996	75,000
1994	70,000		

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

PURPOSE: The Bonds are being issued for the purpose of making school improvements in the District.

FORM AND DENOMINATIONS: The Bonds will be issued only in registered form as to both principal and interest, in the denomination of \$5,000 or integral multiples thereof.

The initial purchaser must accept one fully registered Bond for all amounts in each maturity for which names and addresses of the initial retail owners of the Bonds were not provided to the registrar at least seven (7) days prior to closing.

REGISTRATION AND TRANSFER: The Bonds will be transferable only upon the bond register maintained by the

registrar upon surrender to the registrar of the Bond or Bonds to be transferred together with an appropriate instrument of transfer executed by the transferor. The registrar will be The Valley National Bank of Arizona. All costs pertaining to transfer of ownership, except transfer taxes, if any, will be borne by the transferor.

PAYMENT OF BONDS: Interest on the Bonds shall be payable by check mailed on or prior to the interest payment date to the registered owners of such Bonds at the addresses of such owners as they appear on the books of the registrar on the fifteenth day of the month preceding the date such interest comes due. Principal of the Bonds shall be paid when due upon surrender of such Bonds at the principal office of the paying agent.

SECURITY: Principal of and interest on the Bonds are payable from an ad valorem tax levied against all of the taxable property in the District. The Bonds being issued are payable from such a tax without limit of rate or amount.

INTEREST RATES: Bids for the purchase of the Bonds must state the rate or rates of interest to be paid. No bid at a price less than the par value of the Bonds, together with all accrued interest thereon at the date of delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate bid shall not exceed the lowest rate bid by more than two percent (2%) per annum. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

FORM OF BID AND BID CHECK: A prescribed form of bid for the Bonds will be prepared and all bids must be submitted on that form. All bids must be accompanied by a certified or cashier's check in a sum equal to two percent (2%) of the par value of the Bonds, drawn on a bank doing business in the State of Arizona, payable to the order of the County Treasurer. No interest will be paid on the check of any bidder. The check of the successful bidder will be applied to the purchase price of the Bonds or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Bonds immediately upon their issuance. All checks of the unsuccessful bidders will

be returned upon the award of the Bonds to the successful bidder.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on the Bonds, but neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP numbers shall be deemed to be a part of any Bond or of the contract evidenced thereby.

RIGHT OF REJECTION: The Board of Supervisors reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

COST OF BOND FORMS: The District will bear the cost of the printing of the Bonds and will furnish fully executed Bonds, registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

AWARD AND DELIVERY: Unless all bids are rejected, the Bonds will be awarded to the bidder whose proposal results in the lowest net interest cost to the District. The net interest cost will be determined by computing the aggregate amount of interest payable on the Bonds from their date to their respective maturities and by deducting therefrom any premium. Delivery of the Bonds will be made to the purchaser upon payment in Federal or other immediately available funds at the offices of Gust, Rosenfeld & Henderson, Phoenix, Arizona, or, at the purchaser's request and expense, at any other place mutually agreeable to the District and the purchaser.

CANCELLATION: Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the District becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the District may cancel the contract without penalty or further obligation by the District. In addition to such cancellation, the District may recoup any fees or commissions paid or due to ANY PERSON WHO WAS SIGNIFICANTLY INVOLVED IN INITIATING, NEGOTIATING, SECURING, DRAFTING OR CREATING THE CONTRACT FOR THE PURCHASE OF THE BONDS ON BEHALF OF THE DISTRICT.

LEGAL OPINION: The Bonds are sold with the understanding that the District will furnish the purchaser with the approving opinion of Gust, Rosenfeld & Henderson of Phoenix, Arizona. An undated copy of such opinion will be printed on the reverse side of each Bond. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from Federal and State of Arizona income taxes (see "Tax-Exempt Status" below). Fees of Bond Counsel will be paid from Bond proceeds.

Bond Counsel's opinion will state:

"All the taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit of rate or amount. Such taxes are enforceable as are all other Arizona ad valorem taxes levied for county and school district purposes; however, we express no opinion as to the effect upon such enforceability within the boundaries of the Navajo Indian Reservation of taxes imposed by the Navajo Tribe."

TAX-EXEMPT STATUS: The opinion of Bond Counsel will state in part:

Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excluded from gross income for the purpose of calculating federal income taxes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of preference to be included in the alternative minimum tax of individuals or corporations; such interest income must, however, be taken into account for federal income tax purposes as an adjustment to alternative minimum taxable income for certain corporations which income is subject to federal alternative minimum tax. The Bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The Code imposes various restrictions, conditions and requirements relating to the continued exclusion of interest income on the Bonds from

gross income for federal income tax purposes, including a requirement that the District rebate to the federal government certain of the investment earnings with respect to the Bonds. Failure to comply with such restrictions, conditions and requirements could cause the Bonds to be "arbitrage bonds" within the meaning of the Code or otherwise result in the interest income on the Bonds being included as gross income for federal income tax purposes from their date of issuance. The District has covenanted to comply with the restrictions, conditions and requirements of the Code necessary to preserve the tax-exempt status of the Bonds. For purposes of this opinion we have assumed continuing compliance by the District with such restrictions, conditions and requirements.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the purchaser, the purchaser will not be obligated to pick up and pay for the Bonds, and the bid check will be returned.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District has certified that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued for or by the District in calendar year 1991 will not exceed \$10,000,000.

INFORMATION FROM PURCHASER: The winning bidder will be required to furnish to the District a certificate in a form acceptable to Bond Counsel stating that a bona fide public offering of the Bonds has been made and setting forth the offering prices at which a substantial amount of the Bonds of each maturity have been sold to the public (excluding bond houses, brokers and other intermediaries).

OFFERING STATEMENT DEEMED FINAL, PREPARATION OF FINAL OFFICIAL STATEMENT: The District deems the Offering Statement provided in connection with the sale of the Bonds to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's proposal, ratings, other terms depending on such matters and the identity of the winning bidder.

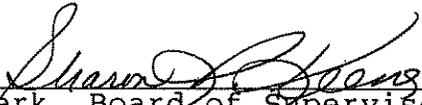
The winning bidder must provide the District, within twenty-four hours after the award of the Bonds, with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Promptly after receiving the necessary information from the winning bidder, the District will prepare a final Official Statement in substantially the same form as the Offering Statement with such additions, deletions or revisions as the District deems necessary.

NO LITIGATION AND NON-ARBITRAGE: The District will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Bonds. The District will also deliver an arbitration certificate covering its reasonable expectations concerning the Bonds.

ADDITIONAL INFORMATION: Copies of this Notice and the offering statement relating to the Bonds will be furnished to any bidder upon request made to the Clerk of the Board of Supervisors of Navajo County, Arizona; or to Rauscher Pierce Refsnes, Inc., 2300 One Renaissance Square, 40 North Central Avenue, Phoenix, Arizona 85004-2386; telephone (602) 257-7770; Financial Consultants to the District. Within seven business days of the award of the Bonds, fifty (50) extra copies of the final Official Statement will be made available to the purchaser without charge and additional copies will be available upon request at the purchaser's expense.

DATED: June 10, 1991.


Clerk, Board of Supervisors of
Navajo County, Arizona