

RESOLUTION 62-93

RESOLUTION AUTHORIZING AND PROVIDING FOR THE EXECUTION, ISSUANCE AND SALE OF \$6,000,000 AGGREGATE PRINCIPAL AMOUNT OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT BONDS, PROJECT OF 1993, SERIES A (1993); PROVIDING CERTAIN TERMS, COVENANTS AND CONDITIONS CONCERNING THE BONDS; PROVIDING FOR CERTIFICATES OF OWNERSHIP OF SUPPLEMENTAL INTEREST PAYMENTS; PROVIDING THE FORM OF BONDS AND CERTIFICATES; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SUCH BONDS AND CERTIFICATES; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS AND CERTIFICATES; APPOINTING A REGISTRAR, TRANSFER AND PAYING AGENT WITH RESPECT TO THE BONDS AND CERTIFICATES; APPROVING THE FORM OF CONTRACT FOR SUCH REGISTRAR, TRANSFER AND PAYING AGENT AND AUTHORIZING EXECUTION AND DELIVERY THEREOF; MAKING CERTAIN TAX COVENANTS; APPROVING A FEE PAYMENT AGREEMENT FOR PAYMENT TO THE COUNTY TREASURER OF THE FEES AND COSTS OF THE REGISTRAR, TRANSFER AND PAYING AGENT AND ARBITRAGE CONSULTANTS; AND AUTHORIZING EXECUTION AND DELIVERY THEREOF; ACCEPTING A PROPOSAL FOR THE BONDS AND CERTIFICATES; APPROVING A BOND PURCHASE AGREEMENT AND AUTHORIZING EXECUTION AND DELIVERY THEREOF; RATIFYING ALL ACTIONS TAKEN WITH RESPECT TO THE BONDS AND CERTIFICATES AND THE PREPARATION AND DISSEMINATION OF A PRELIMINARY OFFICIAL STATEMENT; APPROVING A FORM OF OFFICIAL STATEMENT; AUTHORIZING EXECUTION OF THE OFFICIAL STATEMENT; AND AUTHORIZING CIRCULATION OF THE OFFICIAL STATEMENT.

WHEREAS, by the vote of a majority of the qualified electors of Kayenta Unified School District No. 27 of Navajo County, Arizona (the "District"), voting at a special bond election held in and for the District on November 3, 1992, the issuance of School Improvement Bonds, Project of 1993, of the District has been authorized; and

WHEREAS, the Governing Board intends to issue bonds in the aggregate principal amount of \$6,000,000 as a portion of the Bonds herein authorized for the purposes of making school improvements in accordance with the authority granted at the special bond election held in and for the District on November 3, 1992 (the "Bonds"); and

WHEREAS, pursuant to the request of the Governing Board of the District, \$6,000,000 in aggregate principal amount of such school improvement bonds are to be issued and sold at this time; and

WHEREAS, the Governing Board of the District has received a bid from Peacock, Hislop, Staley & Given (the "Underwriter") and said District requested that the bonds be sold through negotiation to the Underwriter; and

WHEREAS, by this resolution this Board will approve a bond purchase contract (the "Purchase Agreement") to be entered into among the District, the County and the Underwriter for the sale of bonds and Certificates of Ownership of Supplemental Interest Payments (as defined hereafter) appertaining to such bonds to the Underwriter; and

WHEREAS, by this resolution this Board will authorize the execution, issuance and sale of such bonds and Certificates of Ownership of Supplemental Interest Payments with respect to such bonds to the Underwriter in accordance with the Purchase Agreement;

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

Section 1. Authorization. The District authorizes to be issued and sold an issue of bonds in an aggregate principal amount of \$6,000,000. The bonds so authorized shall be designated Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1993, Series A (1993) (the "Bonds"), and shall be issued and sold in accordance with the provisions of this resolution and delivered against payment therefor by the Underwriter.

The Bonds constitute current interest bonds and mature on the dates and in the principal amounts and bear interest at the rates set forth below:

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
1994	\$350,000	4.00%
1995	275,000	4.50
1996	475,000	4.75
1997	720,000	5.00
1998	755,000	5.20
1999	790,000	5.40
2000	835,000	5.60
2001	875,000	5.75
2002	925,000	5.90

Section 2. Terms. The Bonds will be dated August 1, 1993, and will bear interest from their date to the maturity of each of the Bonds at the interest rates (including supplemental interest payments) and principal payable at each interest or principal payment date set forth herein.

The Bonds shall also bear supplemental interest which shall be payable to persons who are the registered owners of the detached Certificates of Ownership of Supplemental Interest Payments. Ownership of the supplemental interest payments shall be

evidenced by Certificates of Ownership of Supplemental Interest Payments in the form set forth in Exhibit B attached hereto (the "Certificates"). Interest payments to the registered owners of the Certificates of Supplemental Interest Payments are hereby designated as "supplemental interest payments." For purposes of any disclosure document interest payable to the registered owners of the appertaining Bonds may be designated as "A" interest and supplemental interest payments may be designated "B" interest. The Bond registrar's registration books shall show the ownership of the Bonds; and also show on a separate register the Owners of the Certificates. Each Certificate shall show the aggregate denomination of the Bonds, for which such Certificates evidence the ownership of the supplemental interest payments.

The Certificates shall be paid on the dates and in the amounts and have the interest rates as set forth below:

<u>Payment Date</u>	<u>Amount Paid</u>	<u>Annualized Interest Rate</u>	<u>Approximate Yield</u>
1/1/94	\$120,000	2.0%	4.25%
7/1/94	120,000	2.0%	4.25%

Both the Bonds and the Certificates will be administered by the Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds and the Certificates. Interest on the Bonds (other than supplemental interest payments which shall be paid as set forth above) shall be payable on January 1, 1994, and semiannually thereafter on each succeeding January 1 and July 1 during the term of the Bonds and the supplemental interest payments.

The Bonds are to be issued in the denomination of \$5,000 each or integral multiples thereof. The Certificates are to be issued in the denomination of \$1,000 each or integral multiples thereof. The Bonds and the Certificates shall be issued in fully registered form.

The Bonds and the Certificates shall have such other terms and provisions as are set forth in Exhibits A and B hereto.

The distribution by the Underwriter of a Preliminary Official Statement dated July 27, 1993 (the "Preliminary Official Statement"), to prospective investors is hereby ratified, confirmed and approved. The use and distribution by the Underwriter of the final Official Statement dated the date hereof (the "Official Statement") in connection with the offering and sale of the Bonds and Certificates is hereby approved and authorized. Such Official Statement shall be in substantially the form of the Preliminary Official Statement presented to this meeting with such changes or amendments as approved by the persons signing

such Official Statement. The Official Statement is deemed to be final by this Board, based upon representations of the Governing Board of the District.

Section 3. Prior Redemption.

A. Optional Redemption. Bonds maturing on or before July 1, 1998 are not subject to redemption prior to maturity. Bonds maturing on or after July 1, 1999 are subject to call for redemption prior to maturity, in whole or in part, on July 1, 1998, or on any interest payment date thereafter by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption plus a premium payable from any source lawfully available therefor; the premium (calculated as a percentage of the principal amount of the Bonds to be redeemed) to be computed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 1, 1998 and January 1, 1999	1.0%
July 1, 1999, to January 1, 2000 and thereafter without premium.	0.5%

B. Notice of Redemption. Notice of the redemption of any Bond will be mailed not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar. Failure to give proper notice of redemption shall not affect the redemption of any Bond for which proper notice was given.

C. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the paying agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

D. Redemption of Less Than All of a Bond. The District may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the paying agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a

principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

E. No Certificate Redemption Prior to Maturity. The Certificates may not be redeemed in advance of the stated respective certificate payment date.

Section 4. Security. For the purpose of paying the principal of, interest on, premium (if any) on early redemption and costs of administration of the registration and payment of the Bonds there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal, interest, premium and administration costs as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes shall be kept in a special fund entitled the Debt Service Fund of the District and shall be used only for the payment of principal, interest, premium (if any) or costs as above-stated.

Section 5. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds from the sale of the Bonds, after payment of the expenses of issuance, shall be set aside and deposited by the County Treasurer in a separate fund entitled the Building Fund of the District. This resolution shall be construed as consent of the Board of Supervisors to invest such funds, pending use, in any of the securities allowed by A.R.S. § 15-1025. The proceeds of the Bonds shall be expended only for the purpose set forth in the ballot used at the special bond election wherein issuance of the Bonds was approved.

Any premium (including proceeds generated from the sale of the Certificates) remaining after the payment of costs of issuance allocable to the Bonds shall be transferred to the Principal and Interest Funds.

Section 6. Form of Bonds and Certificates. Pursuant to A.R.S. § 35-491, a fully registered bond form is adopted as an alternative to the form of bond provided in A.R.S. § 15-1023. A registrar and paying agent will be appointed for the administration of the Bonds and the Certificates. The Bonds and the Certificates shall be in substantially the forms of Exhibit A and B, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Purchase Agreement and are approved by those officers executing the Bonds and such Certificates; execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds and such Certificates may have notations, legends or endorsements required by law, securities exchange rule

or usage. Each Bond shall show both the date of the issue and the date of such Bond's authentication and registration.

The Bonds and such Certificates are prohibited from being converted to coupon or bearer form without the consent of the Board of Supervisors and approval of bond counsel.

Section 7. Execution of Bonds and Other Documents.

A. The Bonds and Certificates shall be executed for and on behalf of the District by its President and attested by its Clerk and countersigned by the Chairman of the Board of Supervisors of this County by their manual or facsimile signatures. The Chairman is authorized to execute and deliver a final official statement to be used in connection with the sale of the Bonds and Certificates. If an officer whose signature is on a Bond or a Certificate no longer holds that office at the time the Bond or Certificate is authenticated and registered, such Bond or Certificate shall nevertheless be valid.

Neither a Bond nor a Certificate shall be valid or binding until authenticated by the manual signature of an authorized representative of the registrar. The signature of the authorized representative of the registrar shall be conclusive evidence that such Bond or Certificate has been authenticated and issued pursuant to this resolution.

B. This Board approves the form and orders and directs the execution of the following contracts and agreements, each in substantially the form laid before the Board:

- (1) The Registrar's Fee Payment Agreement;
- (2) The Registrar, Transfer and Paying Agent's Agreement; and
- (3) The Bond Purchase Agreement.

The Chairman or Treasurer, as applicable, are authorized to execute such contracts on behalf of the District and the County and cause each respective contract to be delivered. The Clerk is authorized to attest such signatures. Where applicable, any of the foregoing officers may affix their signatures by manual, mechanical or photographic means.

C. The Chairman and the Treasurer, in conjunction with the authorized officers of the District, are authorized to cause the final official statement to be executed and delivered in connection with the sale of the Bonds and Certificates.

Section 8. Mutilated, Lost or Destroyed Bonds or Certificates. In case any Bond or Certificate becomes mutilated or destroyed or lost, the District shall cause to be executed and

delivered a new Bond or Certificate of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated Bond or Certificate or in lieu of and in substitution for the Bond or Certificate destroyed or lost, upon the owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond or Certificate destroyed or lost, filing with the County Treasurer by evidence satisfactory to the Treasurer that such Bond or Certificate was destroyed or lost, and furnishing the County Treasurer with a sufficient indemnity bond pursuant to § 47-8405, Arizona Revised Statutes.

Section 9. Acceptance of Offer; Sale of Bonds and Certificates; Purchase Agreement Approval and Authorization to Execute. The offer of the Underwriter for the purchase of the Bonds and the Certificates is contained in the Bond Purchase Agreement submitted to and on file with the Clerk of this Board and such offer is accepted. The Bonds and Certificates are ordered sold to the Underwriter pursuant to the Bond Purchase Agreement and the Chairman and Clerk are authorized and directed to execute the Bond Purchase Agreement in substantially the form presented to this Board with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the Bond Purchase Agreement to be delivered to the Underwriter. Execution of the Bond Purchase Agreement by such officers shall be conclusive evidence of approval.

The County Treasurer is hereby authorized and directed to cause the Bonds and Certificates to be delivered to or upon the order of the Underwriter upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

Section 10. Registrar. The District will maintain an office or agency where Bonds and Certificates may be presented for registration or transfer (the "Registrar") and an office or agency where Bonds may be presented for payment (the "Paying Agent"). The District may appoint one or more co-registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds and Certificates.

Initially, Bank of America Arizona, Phoenix, Arizona, is appointed to act as Registrar and Paying Agent with respect to the Bonds and Certificates. The District may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the Certificates and the District may act in any such capacity.

Each Paying Agent shall be required to agree in writing that the Paying Agent will hold in trust for the benefit of the

owners of the Bonds and the Certificates all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds and payment of the interest on the Certificates.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds and the Certificates. An authenticating agent may authenticate Bonds and Certificates whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep separate registers for the Bonds and the Certificates. One register shall show the registered owners of the Bonds and of transfer of the Bonds. One register shall show the owners of the Certificates and of transfer of such Certificates. When Bonds or Certificates are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar shall register the transfer on the registration books if its requirements for transfer are met and shall authenticate and deliver one or more Bonds or Certificates registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds or Certificates. All transfer fees and costs shall be paid by the transferor. The "Record Date" for the Bonds and the Certificates shall be the close of business of the Registrar on the fifteenth day of the month preceding an interest payment date. Bonds or Certificates presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made payable to and mailed to the registered owners shown on the books of the Registrar as of the close of business on the respective Record Date.

The Registrar shall authenticate Bonds for original issue up to \$6,000,000 in aggregate principal amount and \$240,000 of Certificates upon the written request of the County Treasurer. The Registrar shall keep a register of the Bonds and of their transfer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met. The registrar shall keep a register of the Certificates and of their transfer.

Section 11. Resolution a Contract. This resolution shall constitute a contract between the District and the owners of the Bonds and Certificates and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds or Certificates then outstanding. The performance by the Board of Supervisors of the

obligations in this resolution and in the Bonds, Certificates and Purchase Agreement is hereby authorized and approved.

Section 12. Ratification of Actions and Revocation of Resolution. All actions of the officers and agents of the District, the County or the Board of Supervisors which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds and Certificates as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District and the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

Section 13. Bond Insurance or Credit Enhancement. The Treasurer may expend Bond proceeds to purchase bond insurance or other credit enhancements for the Bonds and Certificates if deemed to be in the District's best interest.

Section 14. Tax Covenant. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by Arizona Revised Statutes, Title 35, Chapter 3, Article 7, and in consideration of retaining the exclusion of interest income on the Bonds from gross income for federal income tax purposes, the County covenants with the owners from time to time of the Bonds and Certificates to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest income on the Bonds, including the Certificates, becoming subject to inclusion as gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

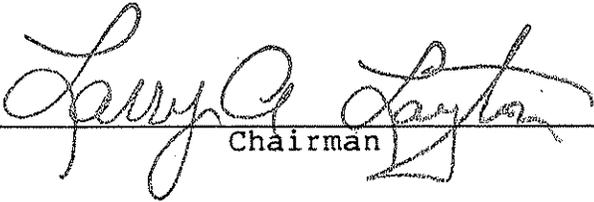
The County agrees that it will comply with such requirement(s) and will take any such action(s) as in the opinion of Gust Rosenfeld ("bond counsel") are necessary to prevent interest income on the Bonds becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by bond counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

Section 15. Qualification under Code. The District will designate the Bonds as "qualified tax-exempt obligations"

for purposes of Section 265(b)(3) of the Code. This Board hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. It is reasonably anticipated that the aggregate principal amount of tax-exempt obligations issued and to be issued by the District in calendar year 1993 will not exceed \$10,000,000.

Section 16. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Board of Supervisors hereby declares that it would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Navajo County, Arizona, on August 9, 1993.

  
Chairman

ATTEST:

  
Clerk

EXHIBIT A

(Face of Bond)

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27  
OF NAVAJO COUNTY, ARIZONA  
SCHOOL IMPROVEMENT BOND  
PROJECT OF 1993, SERIES A (1993)

Number: \_\_\_\_\_

Denomination:  
\$ \_\_\_\_\_

Interest  
Rate

Maturity  
Date

Original  
Dated Date

CUSIP

\_\_\_\_\_ %

\_\_\_\_\_

August 1, 1993

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ DOLLARS

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Certain bonds of the series of which this bond is one are subject to call for redemption prior to maturity in accordance with the terms set forth on the back of this bond.

The resolution authorizing the issuance of this bond provides that bonds of the series of which this bond is one may bear interest which is payable to persons other than a registered owner of a bond (the supplemental interest payments). The supplemental interest payments will be paid to the person shown on the books of the registrar to be the owner of the certificate of ownership of supplemental interest payment of such supplemental interest payment. Such person may not necessarily be the owner of this bond. Ownership of the supplemental interest payments shall be evidenced by certificates of ownership of supplemental interest payments and not by this bond. The owner of the supplemental interest payment appertaining to this bond shall have no claim to payment of the principal or to payment of non-supplemental interest hereon unless such person shall also be the registered owner of this bond at its maturity.

Interest is payable on January 1 and July 1 of each year commencing January 1, 1994, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above.

Interest (including supplemental interest payments, if any) will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest hereon will be paid by check payable in such money payable to the order of and mailed to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof. Principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent, which on the original issue date is the principal corporate trust office of Bank of America Arizona in Phoenix, Arizona. Payment to any owner owning an aggregate principal amount of Bonds of at least \$1,000,000 may also be made by wire transfer upon two (2) days prior written request delivered to the paying agent specifying a wire transfer address in the continental United States.

See the reverse side of this bond for additional provisions.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

The District has caused this bond to be executed by the President and attested by the Clerk of its Governing Board and countersigned by the Chairman of the Board of Supervisors of Navajo County, which signatures may be facsimile signatures.

This bond is not valid or binding upon the District without the manually affixed signature of an authorized representative of the registrar.

KAYENTA UNIFIED SCHOOL DISTRICT  
NO. 27 OF NAVAJO COUNTY, ARIZONA

\_\_\_\_\_  
President, Governing Board

ATTEST:

\_\_\_\_\_  
Clerk, Governing Board

COUNTERSIGNED:

Chairman, Board of Supervisors

DATE OF AUTHENTICATION AND REGISTRATION: \_\_\_\_\_

AUTHENTICATION CERTIFICATE

This bond is one of the Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1993, Series A (1993), described in the resolution mentioned on the reverse hereof.

Bank of America Arizona,  
as Registrar

Authorized Representative  
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(Form of Reverse Side of Bond)

Bonds maturing on or before July 1, 1998 are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 1999, are subject to optional call for redemption prior to maturity, in whole or in part, on July 1, 1998, or on any interest payment date thereafter by the payment of a redemption price equal to the principal amount of each bond called for redemption plus interest accrued to the date fixed for redemption plus a premium from any source lawfully available therefor, the premium (calculated as a percentage of the principal amount of the bonds to be redeemed) to be computed as follows:

Redemption Dates	Premium
July 1, 1998, to January 1, 1999	1.0%
July 1, 1999, to January 1, 2000 and thereafter without premium.	0.5%

Notice of redemption of any bond will be mailed not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar.

This bond is one of a series of bonds in the aggregate principal amount of \$6,000,000 of like tenor except as to amount, maturity date, prior redemption provisions, rate of interest and number, issued by the District to provide funds to make those school improvements approved by a majority vote of qualified

electors voting at an election duly called and held in and for the District, pursuant to a resolution of the Board of Supervisors of Navajo County duly adopted prior to the issuance hereof and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of school district improvement bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

The registrar or paying agent may be changed without notice.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar upon surrender and cancellation of this bond, but only in the manner and subject to the limitation and upon payment of the charges provided in the authorizing resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes required by law. The District has chosen the fifteenth day of the month preceding an interest payment date as the record date for this series of bonds, unless such date is a Saturday, Sunday or holiday, in which case the record date will be deemed to be the previous business day. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next interest payment date, ownership will be transferred in the normal manner but the next interest payment will be made payable to and mailed to the owner shown on the registrar's books at the close of business on the record date.

The registrar may but need not register the transfer of a bond which has been selected for redemption and need not register the transfer of any bond for a period of fifteen (15) days before a selection of bonds to be redeemed; if the transfer of any bond which has been called or selected for call for redemption in whole or in part is registered, any notice of redemption which has been given to the transferor will be binding upon the transferee and a copy of the notice of redemption will be delivered to the transferee along with the bond or bonds.

Bonds of this series are issuable only in fully registered form in the denomination of \$5,000 each or integral multiples thereof.

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.

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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	UNIF GIFT/TRANS MIN ACT-
TEN ENT-as tenants by the	Custodian
entireties	(Cust)            (Minor)
JT TEN-as joint tenants with	under Uniform Gifts/Transfers
right of survivorship	to Minors Act
and not as tenants in	(State)
common	

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

(Form of 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:

\_\_\_\_\_  
The signature(s) should be guaranteed by an eligible guarantor institution, pursuant to Securities and Exchange Commission Rule 17Ad-15.

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR

EXHIBIT B

Certificate of Ownership of  
Supplemental Interest Payment  
Kayenta Unified School District  
No. 27 of Navajo County, Arizona  
School Improvement Bonds  
Project of 1993, Series A (1993)

<u>Supplemental Interest Rate</u>	<u>Certificate Payment Date</u>	<u>CUSIP</u>
_____ %	_____ 1, 199__	_____

Registered Owner:

SUPPLEMENTAL INTEREST AMOUNT: \$ \_\_\_\_\_

Kayenta Unified School District No. 27 of Navajo County, Arizona (the "District"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns as provided herein, on the Certificate Payment Date specified above, the Supplemental Interest Amount specified above. Such amount represents a portion of the supplemental interest payments authorized by the resolution of the Board of Supervisors of Navajo County, Arizona, authorizing the issuance of Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement Bonds, Project of 1993, Series A (1993) (the "Bonds"), comprised of \$6,000,000 aggregate principal amount of School Improvement Bonds. The Supplemental Interest Amount is payable on the outstanding principal amount of the School Improvement Bonds, for the period commencing on the January 1 or July 1, as applicable, immediately preceding the Certificate Payment Date specified above and ending on the Certificate Payment Date specified above. The Supplemental Interest Amount represents interest at the rate specified above accruing from the Original Dated Date to the Certificate Payment Date specified above. Interest will be paid when due to the registered owner upon surrender of this Certificate for payment at the designated office of the registrar and paying agent, which on the original issue date is the principal corporate trust office of Bank of America Arizona, Phoenix, Arizona.

For the punctual payment of this Certificate and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged.

The owner of this Certificate shall have no claim to the payment of principal or non-supplemental interest on the

Bonds unless such person shall also be the owner of such Bonds at such Bonds' maturity.

This Certificate is transferable by the registered owner in person or by attorney duly authorized in writing and at the designated office of the registrar upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates will be issued to the transferee in exchange. The registrar and paying agent may be changed without notice.

The District, the registrar and the paying agent may treat the registered owner of this Certificate as the absolute owner for the purpose of receiving payment hereof and for all other purposes and none of them shall be affected by any notice to the contrary.

KAYENTA UNIFIED SCHOOL DISTRICT  
NO. 27 OF NAVAJO COUNTY, ARIZONA

\_\_\_\_\_  
President, Governing Board

ATTEST:

COUNTERSIGNED:

\_\_\_\_\_  
Clerk, Governing Board

\_\_\_\_\_  
Chairman, Board of Supervisors

DATE OF AUTHENTICATION AND REGISTRATION: \_\_\_\_\_

AUTHENTICATION CERTIFICATE

This Certificate of Ownership of Supplemental Interest Payment is one of the certificates authorized to be issued in conjunction with the issuance of Kayenta Unified School District No. 27 of Navajo County, Arizona School Improvement Bonds, Project of 1993, Series A (1993).

Bank of America Arizona,  
as Registrar

\_\_\_\_\_  
Authorized Representative

[INSERT LEGAL OPINION]

The following abbreviations, when used in the inscription on the face of this certificate 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/TRANS MIN ACT-  
Custodian  
(Cust) (Minor)  
under Uniform Gifts/Transfers  
to Minors Act (State)

Additional abbreviations may also be used though not in list above

(Form of Assignment)

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

(Name and Address of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_

\_\_\_\_\_, attorney to transfer the within certificate 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 certificate in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR