

RESOLUTION NO. 2016-15

**RESOLUTION OF LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT
AUTHORIZING THE ISSUANCE OF WATER AND WASTEWATER
REFUNDING REVENUE BONDS IN AN AMOUNT NOT TO EXCEED
\$26,400,000, AND THE EXECUTION AND DELIVERY OF AN INDENTURE OF
TRUST, A BOND PURCHASE AGREEMENT, ONE OR MORE ESCROW
AGREEMENTS, AND AN OFFICIAL STATEMENT, AND AUTHORIZING
CERTAIN RELATED MATTERS**

WHEREAS, the Lake Arrowhead Community Services District (the "District") is duly organized and existing under the laws of the State of California and is authorized pursuant to Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California to issue refunding bonds for the purpose of defeasing and prepaying on October 1, 2019 all of the outstanding \$17,580,000 Lake Arrowhead Community Services District Water and Wastewater Revenue Certificates of Participation Series 2009 (the "2009 Certificates") and prepaying all or a portion of the District's loan from the State Water Resources Control Board, dated November 2, 2008 and amended from time to time, currently outstanding in the aggregate principal amount of \$5,077,568.27 (the "SWRCB Loan");

WHEREAS, the District used the proceeds of the 2009 Certificates to acquire and construct improvements to the District's water and wastewater systems and to refund on a current basis the District's share of outstanding 1999A Water and Wastewater Bonds of California Statewide Communities Development Authority, and the District used the proceeds of the SWRCB Loan for capital improvements to the District's water and wastewater systems (collectively, the "Project");

WHEREAS, the Board of Directors of the District (the "Board") finds that the prepayment of the 2009 Certificates and the SWRCB Loan will result in substantial savings to the District;

WHEREAS, in order to provide funds to prepay the 2009 Certificates and the SWRCB Loan, the District proposes to issue its Lake Arrowhead Community Services District Water and Wastewater Refunding Revenue Bonds Series 2016 in an aggregate principal amount not to exceed \$26,400,000 (the "Bonds");

WHEREAS, the Bonds will be issued and secured pursuant to the terms of an Indenture of Trust (the "Indenture"), by and between the District and U.S. Bank, National Association, a financial institution with trust powers selected by the District as trustee (the "Trustee");

WHEREAS, the District proposes to sell the Bonds pursuant to a negotiated sale to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") for offer and sale by the Underwriter to members of the general public, and in connection with the offering of the Bonds, the District caused to be prepared an Official Statement (the "Official Statement") describing, among other things, the District, the Indenture and the Bonds, a preliminary form of which is on file with the Secretary of the Board;

WHEREAS, the District has duly considered such transactions, including, without limitation, the Indenture, one or more Escrow Agreements (as defined herein), the Bond Purchase Agreement (as defined herein) and the Official Statement, and wishes at this time to approve said transactions in the public interests of the District;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT, AS FOLLOWS:

Section 1. Issuance of Bonds. The Board hereby approves the issuance of the Bonds by the District in an aggregate principal amount not to exceed \$26,400,000 for the purposes hereinbefore described. The Bonds shall not be issued unless the issuance and sale of the Bonds and prepayment of the 2009 Certificates and the SWRCB Loan results in aggregate present value savings of 3.45% or more.

The Bonds shall be dated their date of issuance. The Bonds shall be in denominations, bear interest, mature, be subject to redemption prior to maturity, be paid, and be substantially in the form set forth in the Indenture filed with the Secretary of the Board, with such changes therein as the Authorized Officers shall approve, as described in Section 2; *provided, however*, that the stated maximum annual interest rate payable with respect to the Bonds shall not exceed 5.00% per annum, and not to exceed a true interest cost of 3.60%.

Section 2. Approval of Indenture. The General Manager, Finance Manager of the District and/or their designees (the "Authorized Officers") are hereby authorized and directed to execute for and on behalf of the District the Indenture, in substantially the form filed with the Secretary of the Board, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. Approval of Escrow Agreement. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the District one or more Escrow Agreements (each, an "Escrow Agreement"), by and between the District and U.S. Bank, National Association, as escrow agent, in substantially the form filed with the Secretary of the Board, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Approval of Bond Purchase Agreement. The Authorized Officers are hereby authorized and directed to execute for and on behalf of the District the Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the Underwriter and the District, in substantially the form filed with the Secretary of the Board, with such changes therein as the Authorized Officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof; *provided, however*, that the underwriter's discount with respect to the purchase price of the Bonds shall not exceed 0.50%.

Section 5. Official Statement. The Board hereby approves of the preliminary Official Statement describing the Bonds, the Indenture and the District in substantially the form filed with the Secretary of the Board. Distribution of such preliminary Official Statement by the Underwriter of the Bonds is hereby approved. Each of the Authorized Officers are hereby authorized to execute the final form of the Official Statement, on behalf of the District, including as it may be modified by such additions thereto and changes therein as such Authorized Officer shall deem necessary, desirable or appropriate, and the execution of the final Official Statement by such Authorized Officer shall be conclusive evidence of the approval of any such additions and changes. The Board also approves the distribution of the final Official Statement by the Underwriter of the Bonds. In addition, the Board hereby authorizes and directs the General Manager, the Finance Manager or any other Authorized Officer to execute and deliver to the Underwriter a Continuing Disclosure Agreement, as required by the further provisions of the Official Statement and the Indenture.

Section 6. Appointment of Professionals. The Board hereby confirms the appointment of Fieldman, Rolapp & Associates, Inc. as the District's financial advisor; Hawkins Delafield & Wood LLP as bond counsel; U.S. Bank, N.A. as Trustee and Escrow Agent; and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Underwriter, in connection with the issuance and sale of the Bonds authorized by this Resolution.

Section 7. Further Actions. The Authorized Officers are hereby authorized to take all actions and execute any and all documents described in this Resolution and otherwise necessary or desirable to effect the execution and delivery of the Indenture and to make any changes to the forms of the legal documents approved in this Resolution as necessary or desirable to negotiate, purchase and comply with the terms of municipal bond insurance, if any; to change the dates and the percentages in the rate covenant and additional debt test contained in any documents approved at this meeting from the dates and percentages on the forms submitted to this meeting; and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to prepay the 2009 Certificates and the SWRCB Loan, to consummate the execution and delivery of the Indenture and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, one or more Escrow Agreement, and the Continuing Disclosure Certificate. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved. The Authorized Officers are further authorized to take all actions and execute any and all documents necessary or desirable to refund, defease, prepay and otherwise provide for the payment of the 2009 Certificates and the SWRCB Loan which are to be prepaid in connection with the execution of the Indenture.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

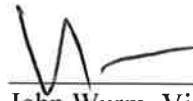
PASSED AND ADOPTED at the meeting of the Board of Directors of the Lake Arrowhead Community Services District on August 23, 2016, by the following vote.

AYES: Boydston, Gross, Keefe, and Wurm

NOES: None

ABSTAIN: None

ABSENT: Thompson



John Wurm, Vice President of the Board
of Directors of the Lake Arrowhead
Community Services District

ATTEST:

By Kathleen Field

Kathleen Field, Secretary of the Lake
Arrowhead Community Services
District and to the Board of Directors