

RESOLUTION NO. 78-19

RESOLUTION OF THE BOARD OF DIRECTORS OF LAKE
ARROWHEAD COMMUNITY SERVICES DISTRICT PROVIDING
FOR THE SALE OF \$4,930,000 PRINCIPAL AMOUNT OF
LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT 1978
WATER REVENUE BONDS, AND DIRECTING NOTICE OF
SALE OF SAID BONDS TO BE GIVEN

WHEREAS, the Board of Directors of Lake Arrowhead
Community Services District, by proceedings duly had and
taken, has authorized the issuance of \$4,930,000 principal
amount of Lake Arrowhead Community Services District 1978
Water Revenue Bonds (herein called the "Bonds"); and

WHEREAS, it is desirable that the Bonds be offered
for public sale;

NOW, THEREFORE, BE IT RESOLVED by the Board of
Directors of Lake Arrowhead Community Services District,
as follows:

Section 1. All of the Bonds shall be offered for
public sale by the Board of Directors of this District on
July 27, 1978, and the Secretary of the Board of Directors
of this District is hereby authorized and directed to cause
a notice of the sale of the Bonds to be published once prior
to such date in the Mountain News, a newspaper
of general circulation circulating in this District, which
such notice shall be substantially in the form set forth
in Exhibit A attached hereto and incorporated herein.

Section 2. The Board of Directors of this District hereby approves the form of official statement relating to the Bonds which was submitted to this meeting by Miller & Schroeder Municipals, Inc., financing consultants to this District for the Bonds, and the Secretary of the Board of Directors of this District is hereby directed to file said form of official statement with the minutes of this meeting. Miller & Schroeder Municipals, Inc. is hereby authorized and directed to cause to be mailed to prospective bidders for the Bonds copies of said official statement in substantially the form thereof so submitted and copies of the attached notice of sale of the Bonds.

Section 3. This resolution shall take effect from and after its passage and approval.

PASSED AND ADOPTED on July 13, 1978, by the following vote:

AYES: Directors Furness, Leo, Pearce, Vernon, Wagner

NOES: none

ABSENT: none

Approved:



President of the Board of Directors of
Lake Arrowhead Community Services District

(Seal)

Attest:



Secretary of the Board of Directors of
Lake Arrowhead Community Services District

OFFICIAL NOTICE OF SALE

\$4,930,000

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT 1978 WATER REVENUE BONDS

NOTICE IS HEREBY GIVEN that sealed proposals will be received and opened by a representative of the Board of Directors of the Lake Arrowhead Community Services District (the "District"), at the Fortieth Floor Conference Room, Security Pacific National Bank, 333 South Hope Street, Los Angeles, California 90376, on

THURSDAY, JULY 27, 1978

at 11:00 o'clock A.M. for the purchase of \$4,930,000 principal amount of water revenue bonds of the District designated "Lake Arrowhead Community Services District 1978 Water Revenue Bonds" (the "bonds"), authorized to be issued under the provisions of a resolution (the "Resolution") of the Board of Directors of the District adopted on July 13, 1978 and pursuant to the Revenue Bond Law of 1941 of the State of California. The bonds are the entire principal amount of an issue authorized at an election held in the District on June 6, 1978. The bonds are more particularly described in the Resolution (which is incorporated herein by reference), and are generally described herein.

ISSUE AND DENOMINATION: \$4,930,000, consisting of 986 bonds of the denomination of \$5,000, numbered 1 to 986, inclusive, all dated July 1, 1978.

INTEREST RATE: Maximum not to exceed eight per cent (8%) per annum, payable annually the first year on July 1, 1979 and semiannually thereafter on January 1 and July 1 of each year. Bidders must specify the rate or rates of interest which the bonds shall bear; provided that (i) all bonds maturing by their terms in any one year must bear the same rate of interest; (ii) each interest rate specified must be in a multiple of 1/20 of 1% and a zero rate of interest cannot be specified; (iii) the difference between the highest and lowest coupon rates specified in any bid shall not exceed two and one-half per cent (2½%); (iv) for the period beginning on July 1, 1989 and terminating on July 1, 2008, the interest rate specified for the bonds maturing in any one year in such period shall not be less than any interest rate specified for any bonds maturing in any prior year in such period; (v) no bond shall bear more than one rate of interest, no interest payment shall be evidenced by more than one coupon, and supplemental coupons will not be permitted; (vi) each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; and (vii) any premium must be paid in bank funds as part of the purchase price and no bid will be accepted which contemplates the cancellation of any interest coupons or the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price in Federal Reserve funds. Bids which do not conform to the terms of this paragraph will be rejected.

MATURITIES: The bonds will mature in consecutive numerical order as follows:

Maturity Date July 1	Principal Amount	Maturity Date July 1	Principal Amount
1980	\$ 30,000	1995	\$150,000
1981	50,000	1996	175,000
1982	75,000	1997	175,000
1983	75,000	1998	200,000
1984	75,000	1999	200,000
1985	75,000	2000	225,000
1986	75,000	2001	250,000
1987	100,000	2002	250,000
1988	100,000	2003	275,000
1989	100,000	2004	300,000
1990	100,000	2005	300,000
1991	125,000	2006	325,000
1992	125,000	2007	350,000
1993	125,000	2008	375,000
1994	150,000		

REDEMPTION: Bonds maturing by their terms on or before July 1, 1993 are not subject to redemption prior to their respective maturity dates. Bonds maturing by their terms on or after July 1, 1994 are subject to redemption prior to their

respective maturity dates, at the option of the District, as a whole, or in part in inverse order of maturities and by lot within any one maturity if less than all of the bonds of such maturity be redeemed, from any source of available funds, on any interest payment date on or after July 1, 1989, at a redemption price equal to the sum of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, plus a premium of one-quarter of one per cent (¼ of 1%) of such principal amount for each whole year and for any remaining fraction of a year between the date fixed for redemption and their respective stated maturities, up to a maximum premium of four per cent (4%) thereof.

PAYMENT: Both principal and interest are payable in lawful money of the United States of America at the principal office of Security Pacific National Bank, the Fiscal Agent of the District, in Los Angeles, California, or at the option of the holder, at the principal office of Manufacturers Hanover Trust Company in New York, New York, or at the office of Harris Trust and Savings Bank in Chicago, Illinois, or at the principal office of Security Pacific National Bank in San Francisco, California, the Paying Agents of the District.

REGISTRATION: Coupon bonds will be issued by the District. The bonds will be registrable only as to both principal and interest and will be subject to discharge from registration and reregistration.

PURPOSE: The bonds are authorized by a vote of a majority of the qualified voters voting at a special revenue bond election held for the purpose of authorizing revenue bonds to provide funds for the acquisition of the existing privately-owned water system now serving the District.

SECURITY: The bonds are revenue bonds payable solely from the Net Revenues (as that term is defined in the Resolution) and other funds of the District as in the Resolution provided. A bond reserve account will be maintained in an amount equal to the Maximum Annual Debt Service (as that term is defined in the Resolution) on the bonds. Bidders are referred to the Resolution (copies of which will be furnished to any interested bidder on request) for further particulars.

TAX EXEMPT STATUS: In the event that prior to the delivery of the bonds (a) the income received by any private holder from bonds of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse tax effect on holders of the bonds as such, the successful bidder may, at his option, prior to the tender of the bonds by the District, be relieved of his obligation under the contract to purchase the bonds and in such case the deposit accompanying his bid will be returned.

EXHIBIT A

LEGAL OPINION: The legal opinion of Messrs. Orrick, Herrington, Rowley & Sutcliffe, of San Francisco, California, approving the validity of the bonds, will be furnished to the successful bidder without charge. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each bond without charge to the purchaser.

TERMS OF SALE

HIGHEST BID: The bonds will be awarded to the highest bidder, considering the interest rate or rates specified and the premium offered, if any, or the discount specified, if any. The highest bid will be determined by deducting the amount of the premium bid (if any) from or by adding the amount of the discount specified (if any) to the total amount of interest which the District would be required to pay from the date of the bonds to the respective maturity dates of the bonds at the coupon rate or rates specified in the bid, and the award will be made on the basis of the lowest net interest cost to the District. The purchaser must pay accrued interest from the date of the bonds to the date of delivery. All interest shall be computed on a 360-day year basis. The cost of printing the bonds will be borne by the District.

RIGHT OF REJECTION: The Board of Directors of the District reserves the right, in its discretion, to reject any and all bids and to waive any irregularity or informality in any bid.

PROMPT AWARD: The Board of Directors of the District will take action awarding the bonds or rejecting all bids not later than 26 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

DELIVERY AND PAYMENT: Delivery of the bonds will be made to the successful bidder at the principal office of Security Pacific National Bank in Los Angeles, California, as soon as the bonds can be prepared, which delivery date is presently scheduled to be on August 7, 1978. Payment for the bonds must be made in Federal Reserve funds immediately available to the District at such office in Los Angeles, California, and any expense of providing such immediately available funds shall be borne by the successful bidder.

RIGHT OF CANCELLATION: The successful bidder shall have the right, at his option, to cancel the contract of purchase if the District shall fail to execute the bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

FORM OF BID; MAXIMUM DISCOUNT: Each bid must be for not less than the principal amount of all of the bonds,

plus such premium (if any) or less such discount (if any), and accrued interest from the date of the bonds to date of delivery; except that no discount in excess of \$100,000 may be specified. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the Board of Directors of the District and delivered to its representative by 11:00 o'clock A.M. on July 27, 1978 at the place above described for the receipt of bids and endorsed "Proposal for Lake Arrowhead Community Services District 1978 Water Revenue Bonds."

BID CHECK: With each bid must be submitted a certified check or cashier's check for \$50,000 drawn on a bank or trust company transacting business in the State of California, payable to the order of the District to secure the District from any loss resulting from the failure of the bidder to comply with the terms of his bid. In addition, bidders are requested, but not required, to supply an estimate of the total net interest cost to the District on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. Checks of the unsuccessful bidders will be returned by the District by mail promptly after the date of sale above specified. No interest will be paid upon the deposit made by any bidder.

OFFICIAL STATEMENT: The District has prepared an official statement relating to the bonds, a copy of which, along with related legal documents, will be furnished upon request made to Miller & Schroeder Municipals Inc., Suite 1200, 220 Sansome Street, San Francisco, California 94104, the financing consultant to the District for the bonds.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the bonds but neither the 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 purchase contract. All expenses in relation to the printing of the CUSIP numbers on the bonds shall be paid by the District; provided, however, that the fee of the CUSIP Service Bureau for the assignment of said numbers shall be the responsibility of and shall be paid for by said purchaser.

There is no controversy or litigation pending concerning the validity of the bonds, and the District will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the bonds.

DATED: July 13, 1978.

BARBARA D. ADAMSON

*Secretary of the Board of Directors of
Lake Arrowhead Community Services District*

SECRETARY'S CERTIFICATE

I, BARBARA D. ADAMSON, Secretary of the Board of Directors of Lake Arrowhead Community Services District, San Bernardino County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on July 13, 1978, of which meeting all of the members of said Board of Directors had due notice and at which a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes: Directors Furness, Leo, Pearce, Vernon, Wagner

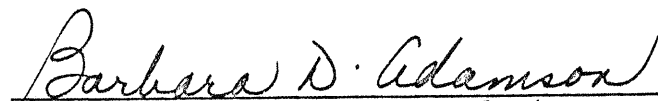
Noes: none

Absent: none

I have carefully compared the same with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: July 13, 1978.


Secretary of the Board of Directors of
Lake Arrowhead Community Services District

(Seal)