

AGREEMENT  
BETWEEN THE  
LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT  
AND  
MILLER & SCHROEDER MUNICIPALS, INC.  
FOR  
FINANCING CONSULTING SERVICES

THIS AGREEMENT entered into effective 16 March 1978, between the LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT, San Bernardino County, California (hereinafter referred to as "District") and MILLER & SCHROEDER MUNICIPALS, INC. (hereinafter sometimes referred to as "Consultant"):

WITNESSETH:

WHEREAS, the District wishes to acquire the Arrowhead Utility Water Company; and  
WHEREAS, the District wishes to develop a feasible and economic method of financing such acquisition; and

WHEREAS, the District has determined that Miller & Schroeder Municipals, Inc. is qualified to act as municipal financing consultant and provide the services hereinafter set forth;

NOW, THEREFORE, the parties to this Agreement do mutually agree as follows:

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RESPONSIBILITIES OF CONSULTANT

1. Pre-Election Services. With respect to pre-election services, Miller & Schroeder Municipals, Inc. will:

- (a) Assemble, review and analyze available data and information which may have a bearing on the District's acquisition program, including but not limited to acquisition and incidental costs, cash flow needs, estimated future bond service, and current and anticipated conditions governing the municipal bond market.

(b) Review all pertinent aspects of the District's acquisition program which may have a bearing on its financing.

(c) Discuss the foregoing data and conclusions with District officials, county counsel, bond counsel and staff as required to assist the governing body of the District to adopt a financing plan to implement the acquisition program.

(d) Assist the District in the preparation of a Ballot Argument and Fact Sheet relative to the District's acquisition program and financing plan.

(e) Prepare and develop additional factual information as may be requested by the District.

(f) Appear at a reasonable number of public meetings to explain the financial aspects of the program and its effects on typical property owners, water users, or other beneficiaries of the proposed program.

2. Post-Election Services. Following authorization of the issuance of securities by the electorate, financing consultant will perform the following services in connection with the financing of the District's acquisition program:

(a) Assist bond counsel in the development and review of all legal documentation needed to implement the financing of the program.

(b) Assist in the coordination of actions of the District, bond counsel and other concerned parties to assure proper timing of necessary actions to implement the financing of the acquisition program.

(c) Prior to the issuance of securities by the District to finance all or part of the acquisition program, recommend the exact terms and conditions under which the securities are to be sold, including timing and method of sale, amortization schedule, trustee and paying agent provisions, ratings and insurance, delivery of securities, application of revenues and other pertinent details. In recommending the amount of securities to be issued, Consultant will use its best efforts to avoid over-capitalization by keeping incidental costs

(reserve fund and other charges) to a minimum, eliminating duplicate or unnecessary expenses.

(d) With the approval of final financing details by the District, prepare the text of an official statement or bond prospectus which describes the securities, details of the project to be financed, bond indenture, title and insurance documents, detailed District financial information, and a description of the District's economic base, as well as past operating experience of the system.

(e) This Agreement is for the personal services of Carl D. Kadie, or other qualified person or persons acceptable to District, and is non-assignable. If for any reason, Mr. Kadie cannot perform and other personnel of Consultant are unacceptable to District, District reserves the right to cancel this Agreement and compensate Miller & Schroeder Municipals, Inc. for service rendered from the date of this Agreement to the date of termination, at the rate of one hundred dollars (\$100) per hour for Mr. Kadie's time plus reimbursement for out-of-pocket expenses outside of normal office overhead, payable solely from the sale of securities to finance the acquisition of the water system.

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### CONSIDERATION

The fee for Consultant's services for the first issuance of securities will be forty thousand dollars (\$40,000). Fees are payable and become due when securities are sold and delivery made. If an additional series of securities is issued, the fee will be an additional fifteen thousand dollars (\$15,000).

In addition to the above, Consultant will be compensated for out-of-pocket expenses incurred in performing services herein described outside of normal office overhead.

Consultant is employed hereunder to render a professional service within the scope of its training and experience as a municipal financing consultant and any payments made to it are compensation solely for such service and advice. Outside of its normal office overhead, Consultant is not responsible for and shall not be held liable for any other expense or expenditure of any kind, including the following:

1. Any and all legal or engineering expense of any kind whatsoever.
2. Any and all expenses in connection with hearings, proceedings, and due issuance of securities.
3. Costs of printing and distributing the official statement and notice of sale relative to the issuance of securities, securities ratings service charges, insurance premiums, and preparation of District's debt statement.
4. Any printing, advertising, publicity, etc., of such material or data as District may wish to have prepared in connection with Consultant's services herein provided for, except those specifically excluded herein.

Nothing herein contained shall prevent Consultant from carrying on its usual business activities, including the performance of other additional services of District, should it so desire such additional services, nor from performing similar services for other districts, cities or public entities.

District agrees that its officials and employees will be requested and directed to cooperate with and assist representatives of Consultant in every

reasonable way to the end that Consultant may secure all information and data required to perform the services herein provided for.

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

By Geoff Wagner

Dated 16 March 1978

MILLER & SCHROEDER MUNICIPALS, INC.

By Carl J. Radie

Dated 16 March 78

AGREEMENT adopted the 16th day of March, 1978, by the following vote:

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

NOES: none

ABSENT: none

ATTEST:

Barbara D. Adams

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