

AVILA BEACH COUNTY WATER DISTRICT

RESOLUTION NO. 6-77

RESOLUTION SETTING THE TIME AND PLACE FOR
THE SALE OF \$120,500 PRINCIPAL AMOUNT OF
AVILA BEACH COUNTY WATER DISTRICT 1977 WATER
REVENUE BONDS, SERIES A, AND DIRECTING
NOTICE OF SALE OF SAID BONDS TO BE GIVEN

WHEREAS, the Board of Directors of the Avila Beach
County Water District has duly provided for the issuance of
\$120,500 principal amount of Avila Beach County Water District
1977 Water Revenue Bonds, Series A, and it is desirable that
said bonds be offered for public sale at this time;

NOW, THEREFORE, BE IT RESOLVED by the Board of
Directors of Avila Beach County Water District, as follows:

Section 1. The Avila Beach County Water District
1977 Water Revenue Bonds, Series A, shall be offered for
public sale by this Board of Directors on Monday, May 9,
1977, at the hour of 2:00 o'clock P.M., and the Secretary
of the Board of Directors of this District is hereby autho-
rized and directed to cause a notice of sale of said bonds
to be published once in the San Luis Obispo Telegram-Tribune,
a newspaper of general circulation circulated in this Dis-
trict, which such notice of sale shall be in substantially
the following form:

OFFICIAL NOTICE OF SALE

\$120,500 AVILA BEACH COUNTY WATER DISTRICT

1977 WATER REVENUE BONDS, SERIES A

NOTICE IS HEREBY GIVEN that sealed proposals will be received and opened by the Board of Directors of the Avila Beach County Water District at the office of the District, 140 San Rafael Street, Avila Beach, California 93424, on

MONDAY, MAY 9, 1977

at the hour of 2:00 o'clock P.M. for the purchase of \$120,500 principal amount of Avila Beach County Water District 1977 Water Revenue Bonds, Series A (the "bonds") authorized to be issued under the provisions of a resolution of the Board of Directors of the District adopted on April 25, 1977 (the "resolution"). The bonds constitute part of an issue of \$180,000 aggregate principal amount authorized at an election held in the District on November 2, 1976. The bonds are more particularly described in the resolution (which is incorporated herein by reference) and a copy thereof will be furnished to any interested bidder upon request. The bonds are generally described below.

ISSUE AND <u>DENOMINATION:</u>	\$120,500 principal amount of coupon bonds numbered consecutively from A1 to A121, with No. A1 of the denomination of \$500 and Nos. A2 to A121, both inclusive, of the denomination of \$1,000, bearing interest from May 1, 1977; or, at the option of the purchaser,
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one fully registered installment bond, maturing in installments in accordance with the serial maturities of the bonds, bearing interest from its date of initial registration and delivery, which installment bond is convertible at any time after the first payment of interest thereunder upon ninety (90) days' notice into coupon bonds, at the option of the owner thereof, at the expense of the District.

MATURITIES: The bonds mature serially in consecutive numerical order, from lower to higher,

on May 1, in each of the years as follows:

<u>Principal Amount</u>	<u>Maturity Date (May 1) (both years inclusive)</u>
\$ 500	1979
1,000	1980 - 1987
2,000	1988 - 1994
3,000	1995 - 2001
4,000	2002 - 2008
5,000	2009 - 2013
6,000	2014 - 2017

REDEMPTION:

Bonds maturing by their terms on or prior to May 1, 1987 are not subject to redemption prior to their fixed maturity dates. Bonds maturing by their terms on or after May 1, 1988 are subject to redemption prior to their fixed maturity dates, at the option of the District, on May 1, 1987, but not prior thereto, and on any interest payment date thereafter prior to maturity, as a whole or in part in inverse numerical order, at the principal amount thereof and accrued interest to date of redemption.

INTEREST RATE: Five per cent (5%) per annum, payable annually on May 1 in each year.

PAYMENT:

Both principal and interest are payable in lawful money of the United States of America at the principal office of Bank of America National Trust and Savings Association in San Francisco, California.

EXECUTION AND
REGISTRATION:

The bonds will be executed by the manual signature of at least one official authorized to execute the bonds. The bonds issued in coupon form are registrable only as to both principal and interest, and are not subject to discharge from registration.

PURPOSE:

The bonds are authorized for the purpose of providing funds for the improvement of the public water system of the District.

SECURITY:

The bonds are revenue bonds payable exclusively from the Revenues of the Enterprise, as those terms are defined in the resolution, and bidders are referred to the resolution for further particulars.

TAX EXEMPT
STATUS:

In the event that prior to the delivery of the bonds (i) 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 law, 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 (ii) 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.

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.

TERMS OF SALE

Highest Bid; Bid
of United States
of America:

The bonds will be awarded to the highest bidder, considering the premium offered (if any). The United States of America, Farmers Home Administration, has contracted with the District to purchase all of the bonds at the par value thereof, provided no equal or better bid for the bonds is received by the District. The purchaser must pay accrued interest on the bonds issued in coupon form computed on a 360-day year basis from the date of the bonds to the date of delivery. 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 24 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
of Bonds:

Delivery of the bonds will be made to the successful bidder at the office of the District in Avila Beach, California.

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 by June 1, 1977, and in such event the successful bidder shall be entitled to the return of the deposit accompanying his bid.

Form of Bid:

All bids must be for not less than all of the bonds offered for sale and not less than the par value thereof and accrued interest to date of delivery. Each bid, together with bidder's check, must be enclosed in a sealed envelope addressed to the Board of Directors of the Avila Beach County Water District and endorsed "Proposal for Avila Beach County Water District 1977 Water Revenue Bonds, Series A." All bids must either be mailed to the office of the District, 140 San Rafael Street, Avila Beach, California 93424, in time to be received by 2:00 o'clock P.M. on May 9, 1977, or delivered to such place by such time on such date.

Bid Check:

With each bid (except that of the United

States of America) must be submitted a certified check or cashier's check for \$2,000. Each such check must be 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. Checks of all bidders (except the successful bidder) will be returned by the District by mail promptly following the sale date above specified. No interest will be paid upon the deposit made by the successful bidder.

Net Interest
Cost:

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.

No Litigation:

There is no litigation pending concerning the validity of the above issue, the corporate existence of the District, or the title of the officers thereof to their respective offices, and the Board of Directors of 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: April 25, 1977.

Secretary of the Board of Directors
of Avila Beach County Water District

Section 2. The Board of Directors of the Avila Beach County Water District covenants with the holders of all of said bonds at any time outstanding that it will make no use of the proceeds of any of said bonds which will cause any of said bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(c) of the Internal Revenue Code of 1954. To that end, so long as any of said bonds are outstanding, the District shall comply with all requirements of said Section 103(c) and of all regulations thereunder, to the extent that such requirements are, at the time, applicable to said bonds and in effect.

Section 3. This resolution shall be forthwith entered upon the minutes of the Board and shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Directors of the Avila Beach County Water District this 25th day of April, 1977 by the following vote:

AYES:

NOES:

ABSENT:

President of the Board of Directors
of Avila Beach County Water District

[SEAL]

ATTEST:

Secretary of the Board of Directors
of Avila Beach County Water District