

NOTE: If you wish to address the MWD Board of Directors during discussion of an agenda item, or during the PUBLIC FORUM, please complete a Speaker Request card (blue in color) and give it to the Board Secretary. Unless a detailed presentation of an agenda item is required by the Board of Directors, it is requested that each speaker limit comments to FIVE MINUTES. All testimony given before the Board of Directors is tape recorded.

A G E N D A
BIG BEAR MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS
Regular Meeting
OCTOBER 1, 2009

PLACE: Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA 92315

Next Resolution Number: 2009- 11

OPEN SESSION: 1:00 P.M.

- 1. CALL TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. DISCUSSION AND ACTION ON CLOSED SESSION ITEMS**
- 4. REPORTS**
 - A. General Manager
 - B. Lake Manager
 - C. Legal
 - D. Committee
 - E. Other
- 5. CONSENT CALENDAR**
 - A. Minutes of a Regular Meeting of September 17, 2009
 - B. Warrant List Dated September 28, 2009 for \$97,096.09
- 6. BUSINESS**
 - A. Consider approval of a proposal from Tom Dodson & Associates to provide on-call CEQA/NEPA consulting services
 - B. Prop 1A securitization program – discussion only, no action
- 7. PUBLIC FORUM**

(The Board will receive comments from the public on items not on the agenda; no action is permitted on these items. Time set aside not to exceed 30 minutes total by all participants).

8. ANNOUNCEMENTS

9. DIRECTOR COMMENTS

10. ADJOURNMENT

NEXT MEETING: Open Session at 1:00 P.M.
Thursday, October 15, 2009
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

***MINUTES OF A REGULAR MEETING OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON THURSDAY, SEPTEMBER 17, 2009***

CALL TO ORDER

President Murphy called the Open Session to order at 1:00 PM. Those in attendance included Director Eminger, Director Suhay, Director Smith, Director Fashempour, District Counsel Wayne Lemieux, General Manager Scott Heule, and Board Secretary Vicki Sheppard.

REPORTS

General Manager, Scott Heule reported that Mr. Stephenson and Mr. Carroll were on their way to Medford Oregon to take a patrol boat for repairs and lengthening. He added that they will have the boat back to the District in November. Mr. Heule updated the Board on the Quagga Mussel program explaining that since opening ramps this past April, District staff has decontaminated 1,020 vessels, 706 at the East Ramp and 314 at the West Ramp and additionally, approximately 10,000 vessels have been sealed as they left the ramps. President Murphy asked when the last water testing for the mussel was performed. Mr. Heule stated that the last testing was done last month (August). Mr. Heule reported that today was the last day of the season for two lake patrol officers (David Henderson and Terry Crouthamel). He added that after TroutfesT, the remaining lake patrol officers will be working only on weekends. Mr. Heule reported that next week he would be in Palm Springs at the CSDA conference.

Director Eminger asked how TroutfesT planning was going. Mr. Heule responded that arrangements were going well. He added that there were only 46 spots remaining. He stated that the dog problem that occurred at TroutfesT last year was being addressed and hopefully would not happen again this year. Director Suhay asked if the tamper-proof boat seal problem had been fixed. Mr. Heule stated that the printer has been contacted regarding the problem.

APPROVAL OF CONSENT CALENDAR

Upon a motion by Director Suhay, seconded by Director Fashempour, the following consent items were unanimously approved:

- Minutes of a Regular Meeting of September 3, 2009
- Warrant List Dated September 11, 2009 for \$71,428.40

PUBLIC FORUM

No comments were made

ANNOUNCEMENTS

No announcements were made

DIRECTOR COMMENTS

No comments were made

ADJOURNMENT TO CLOSED SESSION

The meeting was adjourned to Closed Session at 1:19 P.M to:

Conference with Legal Counsel re:
Potential litigation

RECONVENE TO OPEN SESSION

The meeting was reconvened to Open Session at 2:36 P.M.
No reportable action.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:37 P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, October 1, 2009
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

Vicki Sheppard
Secretary to the Board
Big Bear Municipal Water District

(SEAL)

**Big Bear Municipal Water District
 Computer & Manual Check Register
 Current and History Files, After 09/11/09
 Account 10010-00-001, Sessions 000000 to 001691**

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
Checking Account: 10010-00-001							
147463	ACWA/J / ACWA/JOINT POWERS	09/24/09	2	1012009	001691	INSURANCE	37031.00
ACWA/J Subtotal :							37031.00
147464	ALLPRO / All Protection Alarm Co.	09/24/09	2	27799	001691	FACILMAINT	30.00
147464		09/24/09	2	27913	001691	FACILMAINT	35.00
147464		09/24/09	2	27998	001691	WESTMAINT	75.00
147464		09/24/09	2	28198	001691	FACILMAINT	100.00
ALLPRO Subtotal :							240.00
147465	ATT785 / AT&T	09/24/09	2	09132009	001691	PHONE-LD	29.78
ATT785 Subtotal :							29.78
147466	BBBORI / BIG BEAR BORING BOB, INC.	09/24/09	2	1044	001691	PUBLICINFO	225.00
BBBORI Subtotal :							225.00
147467	BBELKS / Big Bear Lake Elks Lodge	09/24/09	2	PO13927	001691	TROUTFEST	100.00
BBELKS Subtotal :							100.00
147468	BMARIN / Big Bear Marina	09/24/09	2	10311089	001691	PETRO-BOAT	1226.23
147468		09/24/09	2	10311090	001691	PATROLMAIN	260.00
BMARIN Subtotal :							1486.23
147469		09/24/09	2	1011302	001691	PETRO-BOAT	1641.51
BMARIN Subtotal :							1641.51
147470	BVELEC / Bear Valley Electric	09/24/09	2	09082009A	001691	UTIL-RV	3323.95
147470		09/24/09	2	09082009B	001691	UTIL-MAIN	1590.68
147470		09/24/09	2	09082009C	001691	UTIL-MAIN	17.76
BVELEC Subtotal :							4932.39
147471	CENTUR / CENTURY FORMS, INC.	09/24/09	2	68211	001691	PRINT-OPS	1216.71
147471		09/24/09	2	68264	001691	PRINT-ADMI	445.14
CENTUR Subtotal :							1661.85
147472	COLA / Los Angeles Coca Cola BTL CO	09/24/09	2	2215050104	001691	VENDING	185.48
COLA Subtotal :							185.48
147473	COMPVI / Computer Village	09/24/09	2	115415	001691	COMPMAINT	823.13
147473		09/24/09	2	115480	001691	COMPCONSTL	750.00
COMPVI Subtotal :							1573.13
147474	CONTAI / Container Storage	09/24/09	2	09252009	001691	QUAGGA	67.97

**Big Bear Municipal Water District
 Computer & Manual Check Register
 Current and History Files, After 09/11/09
 Account 10010-00-001, Sessions 000000 to 001691**

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
	Solutions						
147474		09/24/09	2	09252009B	001691	QUAGGA	67.97
						CONTAI Subtotal :	135.94
147475		09/24/09	2	10072009	001691	SHOPMAINT	108.75
						CONTAI Subtotal :	108.75
147476	DISH / Dish Network	09/24/09	2	09042009	001691	UTIL-MAIN	50.98
						DISH Subtotal :	50.98
147477	FEDRAL / Federal Express, Corp.	09/24/09	2	932836279	001691	SHIPPING	9.30
						FEDRAL Subtotal :	9.30
147478	IDEARC / Idearc Media Corp.	09/24/09	2	09192009	001691	PHONES-WEB	29.95
						IDEARC Subtotal :	29.95
147479	MCMSTR / McMaster-Carr Supply Co.	09/24/09	2	37840779	001691	EAST RAMP	445.95
						MCMSTR Subtotal :	445.95
147480	MOFFAT / MOFFATT & NICHOL ENGINEERS	09/24/09	2	49706	001691	MARINDRGDE	7579.00
						MOFFAT Subtotal :	7579.00
147481	MTLASS / Mt Lassen Trout Farms, Inc.	09/24/09	2	5612	001691	TROUTFEST	15000.00
						MTLASS Subtotal :	15000.00
147482	NATBUS / National Business Furniture	09/24/09	2	MK363742TD	001691	EASTMAINT	481.07
						NATBUS Subtotal :	481.07
147483	NOS / NOS Communications, Inc.	09/24/09	2	09182009	001691	PHONE-LD	398.89
						NOS Subtotal :	398.89
147484	PITINC / Pitney Bowes, Inc	09/24/09	2	837046	001691	OFFSHIPSUP	235.99
						PITINC Subtotal :	235.99
147485	PITNY / PITNEY BOWES (RENTAL)	09/24/09	2	1098706-09	001691	POSTAGE	121.00
						PITNY Subtotal :	121.00
147486	QUILL / Quill Corporation	09/24/09	2	9173460	001691	OFFICSUPPL	120.97
						QUILL Subtotal :	120.97
147487	ROMANS / Romans Construction Co.	09/24/09	2	4298	001691	BBMARMAINT	3710.00
						ROMANS Subtotal :	3710.00

**Big Bear Municipal Water District
 Computer & Manual Check Register
 Current and History Files, After 09/11/09
 Account 10010-00-001, Sessions 000000 to 001691**

<u>Check</u>	<u>Payment / Vendor Information</u>	<u>Ck Date</u>	<u>Prty</u>	<u>Invoice</u>	<u>Session</u>	<u>Reference</u>	<u>Amount</u>
147488	SHEPHE / SHEPHERD MARINE	09/24/09	2	4026	001691	PATROLBOAT	15945.00
						SHEPHE Subtotal :	15945.00
147489	SQUEEG / Squeegee Clean Window Service	09/24/09	2	24	001691	FACILMAINT	50.00
						SQUEEG Subtotal :	50.00
147490	SWSTGS / Southwest Gas Corp	09/24/09	2	091502009A	001691	UTIL-RV	18.89
147490		09/24/09	2	09152009B	001691	UTIL-MAIN	11.00
						SWSTGS Subtotal :	29.89
147491	TERMIN / TERMINIX INTERNATIONAL	09/24/09	2	289120173	001691	FACILMAINT	47.00
						TERMIN Subtotal :	47.00
147492	UPS / UPS	09/24/09	2	F33Y11379	001691	SHIPWATER	405.91
147492		09/24/09	2	F33Y11389	001691	SHIP-WATER	15.00
						UPS Subtotal :	420.91
147493	VALERO / Valero Marketing and Supply Co.	09/24/09	2	09222009	001691	PETRO-AUTO	998.35
						VALERO Subtotal :	998.35
147494	VERIZO / Verizon California	09/24/09	2	09012009A	001691	PHONE-RAMP	50.71
147494		09/24/09	2	09012009B	001691	PHONE-MAIN	54.31
147494		09/24/09	2	09012009C	001691	PHONE-RAMP	42.80
147494		09/24/09	2	09012009D	001691	PHONE-MAIN	416.75
147494		09/24/09	2	09012009E	001691	PHONE-RAMP	50.42
147494		09/24/09	2	09132009	001691	PHONE-MAIN	51.21
						VERIZO Subtotal :	666.20
147495	VERONL / Verizon Online	09/24/09	2	15966615	001691	DSL-OFFICE	159.95
						VERONL Subtotal :	159.95
147496		09/24/09	2	15601465	001691	DSL-CREEK	89.99
						VERONL Subtotal :	89.99
147497	VERWIR / Verizon Wireless	09/24/09	2	794208764	001691	PHONES-CEL	197.18
						VERWIR Subtotal :	197.18
147498		09/24/09	2	796309998	001691	PHONES-CEL	461.72
						VERWIR Subtotal :	461.72
147499	WASTE / Solid Waste Management	09/24/09	2	4318	001691	FACILMAINT	495.74
						WASTE Subtotal :	495.74
Total For Check Account: 10010-00-001							97096.09

**BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS**

MEETING DATE: *October 1, 2009*

AGENDA ITEM: *6A*

SUBJECT:

**CONSIDER APPROVAL OF A PROPOSAL FROM TOM DODSON & ASSOCIATES
TO PROVIDE ON-CALL CEQA/NEPA CONSULTING**

RECOMMENDATION:

The General Manager and the Watershed/Lake Improvement Committee recommend approval of this proposal.

DISCUSSION/FINDINGS:

The District has received several requests for information about dredge and shoreline alteration projects over the past several weeks. Proponents of some of the projects are serious enough to have prepared engineering drawings and environmental documents. The District must be the lead agency on any project impacting the lake and as such must pass judgment on the adequacy of any CEQA documents used for these projects. That also means the District must defend the documents if they are challenged. Staff has asked Tom Dodson and Associates (TDA's) to provide the attached proposal to review and advise the District concerning CEQA documents prepared for private party projects. The District could rely on TDA's years of experience and expertise in evaluation and preparation of CEQA documents to be assured that the appropriate environmental document has been prepared and that it supports the proposed project. Each CEQA review and comment letter to the District would be billed to the District but paid for by the project proponent. All work under this proposal would be funded by project proponents and not the District. The Committee recommends that the District authorize Tom Dodson and Associates to provide CEQA advisory consulting services on a reimbursable basis and not to exceed \$5000 over the life of the agreement

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



September 15, 2009

Mr. Scott Heule, General Manager
Big Bear Municipal Water District
40524 Lakeview Drive
Big Bear Lake, CA 92315

Re: Proposal to provide on-call CEQA/NEPA consulting services

Dear Scott:

As a follow-up to our recent discussions, I am submitting this proposal to provide assistance to your office as an expert advisor for compliance with the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). Tom Dodson of Tom Dodson & Associates (TDA) has been responsible for several hundred CEQA and NEPA environmental documents since 1970, 38+ years of experience. It is my understanding that the Big Bear Municipal Water District (District) will be overseeing a number of capital improvement projects at the Lake over the next year or so that will require CEQA and/or NEPA compliance. I propose to provide the following support consulting services to your office on an on-call basis:

- Provide review and comment on the content of CEQA/NEPA documents as requested,
- Assist the District with interpreting CEQA/NEPA procedural requirements for future projects, including compliance with new requirements, such as climate change and greenhouse gases,
- Prepare limited CEQA documentation as directed by the District,
- Provide guidance and assist with compilation of CEQA-Plus documentation for the State Water Resources Control Board,
- Provide editing and CEQA/NEPA document revision support as requested, and
- Provide other CEQA/NEPA support as directed by the District.

TDA requests a budget not-to-exceed \$5,000. All work will be performed by Tom Dodson at the express direction of your office and the District and will be invoiced on a time and materials basis. Work will be performed in a timely manner. My hourly rate is \$150 per hour. All direct expenses, such as mileage, printing of document, etc. will be invoiced at cost.

On behalf of Tom Dodson & Associates I deeply appreciate the opportunity to submit this proposal and I look forward to the continuing process of continuing the relationship between the District and TDA. Should you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Tom Dodson". The signature is written in a cursive, flowing style.

Tom Dodson

***BIG BEAR MUNICIPAL WATER DISTRICT
REPORT TO BOARD OF DIRECTORS***

MEETING DATE: October 1, 2009

AGENDA ITEM: 6B

SUBJECT:

PROP 1A SECURITIZATION PROGRAM – DISCUSSION ONLY NO ACTION

RECOMMENDATION:

Discussion only, no action at this time

DISCUSSION/FINDINGS:

From their website, the California Statewide Communities Development Authority (CSCDA or California Communities®) is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities.

California Communities® mission is to provide local governments and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

The Proposition 1A Securitization Program was instituted by California Communities to enable Local Agencies to sell their respective Proposition 1A Receivables to California Communities. California Communities will in turn issue “Prop. 1A Bonds” at 2% tax free. The District receives 100% of the money the State borrows in two payments and is fully relieved of any obligation. The Board will consider taking action on the attached documents at the October 15 Board meeting.

OTHER AGENCY INVOLVEMENT: California Communities

FINANCING: None

Submitted by: Scott Heule, General Manager

Sample Staff Report
Proposition 1A Securitization Program
[Tax-Exempt Proceeds]

Note to Staff: The following is sample language for use in a staff report to accompany the Proposition 1A Receivables Sale Resolution.. This language is only a suggestion and you should not hesitate to edit as needed. If you need assistance or would like the Proposition 1A Securitization Program to review your staff report or agenda item, please do not hesitate to contact us. Because of the need to maintain the uniformity of documents among all participating local agencies, the Proposition 1A Securitization Program will supply you with a finalized Proposition 1A Receivables Sale Resolution suitable for adoption based on the information you submit on the Proposition 1A Securitization Program enrollment. Participation in the Proposition 1A Securitization Program requires that the documents be approved exactly in the form provided to you. If you believe there is an error in the documents provided to you, please contact Orrick, Herrington & Sutcliffe LLP, the Proposition 1A Program's bond counsel as soon as possible. (Please see the Proposition 1A Securitization Program financing team contacts list for contact information.)

Agenda Item: A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

Background

Proposition 1A Suspension: Proposition 1A was passed by California voters in 2004 to ensure local property tax and sales tax revenues remain with local government thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur.

The emergency suspension of Proposition 1A was passed by the Legislature and signed by the Governor as ABX4 14 and ABX4 15 as part of the 2009-10 budget package on July 28, 2009. Under the provision, the State will borrow 8% of the amount of property tax revenue apportioned to cities, counties and special districts. The state will be required to repay those obligations plus interest by June 30, 2013.

The legislature is currently reviewing a clean-up bill, SB67 which would provide for a few critical changes to the enacted legislation, including but not limited to providing for: financing to occur in November; county auditor certification of amount of Prop 1A receivable; tax-exempt structure; California Communities as the only issuer; more flexibility on bond structure (interest payments, state payment date and redemption features); sales among local agencies; and revision to the hardship mechanism. [*Note to Staff: include if SB 67 has not yet been passed*] [While SB 67 has not yet been passed and signed into law, California Communities expects that to occur prior to funding the Program. If for any reason SB 67 is not enacted and

the bonds cannot be sold by December 31, 2009, all approved documents placed in escrow with Transaction counsel will be of no force and effect and will be destroyed.]

Proposition 1A Securitization Program: Authorized under ABX4 14 and ABX4 15, the Proposition 1A Securitization Program was instituted by California Communities to enable Local Agencies to sell their respective Proposition 1A Receivables to California Communities. Currently, SB67 is being considered to clarify specific aspects of ABX4 14 and ABX4 15. Under the Securitization Program, California Communities will simultaneously purchase the Proposition 1A Receivables, issue bonds ("Prop 1A Bonds") and provide each local agency with the cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010 (to coincide with the dates that the State will be shifting property tax from local agencies). The purchase price paid to the local agencies will equal 100% of the amount of the property tax reduction. All transaction costs of issuance and interest will be paid by the State of California. Participating local agencies will have no obligation on the bonds and no credit exposure to the State.

If the [City/County/Special District] sells its Proposition 1A Receivable under the Proposition 1A Securitization Program, California Communities will pledge the [City/County/Special District]'s Proposition 1A Receivable to secure the repayment of a corresponding amount of the Prop 1A Bonds. The [City/County/Special District]'s sale of its Proposition 1A Receivable will be irrevocable. Bondholders will have no recourse to the [City/County/Special District] if the State does not make the Proposition 1A Repayment.

Proposition 1A Program Sponsor: California Statewide Communities Development Authority ("California Communities") is a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. The member agencies of California Communities include approximately 230 cities and 54 counties throughout California. [Note –the [City/County/Special District] does not need to be a member of California Communities to participate].

Benefits of Participation in the Proposition 1A Securitization Program:

The benefits to the [City/County/Special District] of participation in the Proposition 1A Securitization Program include:

- Immediate cash relief – the sale of the [City/County/Special District]'s Proposition 1A Receivable will provide the [City/County/Special District] with 100% of its Proposition 1A Receivable in two equal installments, on January 15, 2010 and May 3, 2010.
- Mitigates impact of 8% property tax withholding in January and May – Per ABX4 14 and ABX4 15 and the proposed clean-up legislation SB 67, the State will withhold 8% of property tax receivables due to Cities, Counties, and Special Districts under Proposition 1A. The financing outlines bond proceeds to be distributed to coincide with the dates that the Stat will be shifting property tax from local agencies.
- All costs of financing borne by the State of California. The [City/County/District] will not have to pay any interest cost or costs of issuance in connection with it participation.

- No obligation on Bonds. The [City/County/District] has no obligation with respect to the payment of the bonds, nor any reporting, disclosure or other compliance obligations associated with the bonds.

Proceeds of the Sale of the [City/County/Special District]'s Proposition 1A Receivable:

Upon delivery of the Proposition 1A Bonds, California Communities will make available to the [City/County/Special District] its fixed purchase price, which will equal 100% of the local agency's Proposition 1A Receivable. These funds may be used for any lawful purpose of the [City/County/District] and are not restricted by the program.

Proposed Proposition 1A Receivables Sale Resolution:

The proposed Proposition 1A Receivables Sale Resolution:

- (1) Authorizes the sale of the [City/County/Special District]'s Proposition 1A Receivable to California Communities for 100% of its receivable;
- (2) Approves the form, and directs the execution and delivery, of the Purchase and Sale Agreement with California Communities and related documents;
- (3) Authorizes and directs any Authorized Officer to send, or to cause to be sent, an irrevocable written instruction required by statute to the State Controller notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement of the Proposition 1A Receivable to the Proposition 1A Bond Trustee;
- (4) Appoints certain [City/County/Special District] officers and officials as Authorized Officers for purposes of signing documents; and
- (5) Authorizes miscellaneous related actions and makes certain ratifications, findings and determinations required by law.

Proposed Purchase and Sale Agreement

The proposed Purchase and Sale Agreement:

- (1) Provides for the sale of the Proposition 1A Receivable to California Communities;
- (2) Contains representations and warranties of the [City/county/District] to assure California Communities that the Proposition 1A Receivable has not been previously sold, is not encumbered, that no litigation or other actions is pending or threatened to disrupt the transaction and the this is an arm's length "true sale" of the Proposition 1A Receivable.
- (3) Provides mechanics for payment of the Purchase Price
- (4) Contains other miscellaneous provisions.

Proposed Purchase and Sale Agreement Exhibits:

The proposed Proposition 1A Purchase and Sale Agreement Exhibits:

- (B1) Opinion of Counsel: This is an opinion of the counsel to the local agency (which may be an in-house counsel or an outside counsel) covering basic approval of the documents, litigation, and enforceability of the document against the Seller. It will be dated as of the Pricing date of the bonds (currently expected to be November 10, 2009).
- (B2) Bringdown Opinion: This simply "brings down" the opinions to the closing date (currently expected to be November 19, 2009).
- (C1) Certificate of the Clerk of the Local Agency: A certificate of the Clerk confirming that the resolution was duly adopted and is in full force and effect.
- (C2) Seller Certificate: A certification of the Seller dated as of the Pricing Date confirming that the representations and warranties of the Seller are true as of the Pricing Date, confirming authority to sign, confirming due approval of the resolution and providing payment instructions.
- (C3) Bill of Sale and Bringdown Certificate: Certificate that brings the certifications of C2 down to the Closing Date and confirms the sale of the Proposition 1A Receivable as of the Closing Date.
- (D) Irrevocable Instructions to the Controller: Required in order to let the State Controller know that the Proposition 1A Receivable has been sold and directing the State to make payment of the receivable to the Trustee on behalf of the Purchaser.
- (E) Escrow Instruction Letter: Instructs Transaction Counsel (Orrick) to hold all documents in escrow until closing, and if closing does not occur by December 31, 2009 for any reason, to destroy all documents.

Recommended Action:

After [Council/Board] discussion and questions, if the [Board/Council] wishes to participate in the Proposition 1A Securitization Program, it should adopt the proposed Proposition 1A Sale Resolution and Purchase and Sale Agreement, which requires only a simple majority vote.

BIG BEAR MUNICIPAL WATER DISTRICT, CALIFORNIA,
as Seller

and

**CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY,**
as Purchaser

PURCHASE AND SALE AGREEMENT

Dated as of November 1, 2009

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of November 1, 2009 (this "Agreement"), is entered into by and between:

(1) BIG BEAR MUNICIPAL WATER DISTRICT, a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code (the "Seller"); and

(2) CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Purchaser").

RECITALS

A. Pursuant to Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, local agencies within the meaning of Section 6585(f) of the California Government Code are entitled to receive certain payments to be made by the State of California (the "State") on or before June 30, 2013, as reimbursement for reductions in the percentage of the total amount of ad valorem property tax revenues allocated to such local agencies during the State's 2009-10 fiscal year, which reductions have been authorized pursuant to Sections 100.05 and 100.06 of the California Revenue and Taxation Code.

B. The Seller is the owner of the Proposition 1A Receivable (as defined below) and is entitled to and has determined to sell all right, title and interest in and to the Proposition 1A receivable, namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, in order to obtain money to fund any lawful purpose as permitted under the applicable laws of the State.

C. The Seller is authorized to sell or otherwise dispose of its property as the interests of its residents require.

D. The Purchaser, a joint exercise of powers authority organized and existing under the laws of the State, has been authorized pursuant to Section 6588(x) of the California Government Code to purchase the Proposition 1A Receivable.

E. The Seller is willing to sell, and the Purchaser is willing to purchase, the Proposition 1A Receivable upon the terms specified in this Agreement.

F. Pursuant to its Proposition 1A Receivable Financing Program (the "Program"), the Purchaser will issue its bonds (the "Bonds") pursuant to an Indenture (the "Indenture"), between the Purchaser and Wells Fargo Bank, National Association, as trustee (the "Trustee"), and will use a portion of the proceeds thereof to purchase the Proposition 1A Receivable from the Seller.

G. The Purchaser will grant a security interest in such Proposition 1A Receivable to the Trustee and each Credit Enhancer to secure the Bonds.

AGREEMENT

NOW, THEREFORE, in consideration of the above Recitals and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Definitions and Interpretation.

(a) For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Exhibit A attached hereto and which is incorporated by reference herein.

(b) The words “hereof,” “herein,” “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; section and exhibits references contained in this Agreement are references to sections and exhibits in or to this Agreement unless otherwise specified; and the term “including” shall mean “including without limitation.”

(c) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time may be amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments and exhibits thereto and instruments incorporated therein; and any references to a Person are also to its permitted successors and assigns.

2. Agreement to Sell and Purchase; Conditions Precedent.

(a) The Seller agrees to sell, and the Purchaser agrees to purchase, on the Closing Date, for an amount equal to the Purchase Price, all right, title and interest of the Seller in and to the “Proposition 1A receivable” as defined in Section 6585(g) of the California Government Code (the “Proposition 1A Receivable”), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code. The Purchase Price shall be paid by the Purchaser to the Seller in two equal cash installment payments, without interest (each, an “Installment Payment” and, collectively, the “Installment Payments”), on January 15, 2010, and May 3, 2010 (each a “Payment Date” and, collectively, the “Payment Dates”). The Purchaser shall pay the Purchase Price by wire transfer pursuant to wire instructions provided by the Seller to the Trustee by e-mail to john.delaray@wellsfargo.com or by facsimile to 213-614-3355, Attention: John Delaray. If wire instructions are not provided to the Trustee (or if such wire instructions are invalid) payment will be made by check mailed to the Seller’s Principal Place of Business.

(b) The performance by the Purchaser of its obligations hereunder shall be conditioned upon:

- (i) Transaction Counsel receiving on or before the date the Bonds are sold (the “Pricing Date”), to be held in escrow until the Closing Date and then delivered to the Purchaser on the Closing Date, the following documents

duly executed by the Seller or its counsel, as applicable: (1) an opinion of counsel to the Seller dated the Pricing Date in substantially the form attached hereto as Exhibit B1, (2) certificates dated the Pricing Date in substantially the forms attached hereto as Exhibit C1 and Exhibit C2, (3) irrevocable instructions to the Controller dated as of the Closing Date in substantially the form attached hereto as Exhibit D, (4) this Agreement, (5) a certified copy of the resolution of the Seller's Board of Directors approving this Agreement, the transactions contemplated hereby and the documents attached hereto as exhibits, and (6) an escrow instruction letter in substantially the form attached hereto as Exhibit E;

- (ii) Transaction Counsel receiving on or before the Pricing Date, (1) a bringdown opinion of counsel to the Seller dated as of the Closing Date in substantially the form attached hereto as Exhibit B2, and (2) a bill of sale and bringdown certificate of the Seller (the "Bill of Sale") in substantially the form attached hereto as Exhibit C3; provided that the Purchaser may waive, in its sole discretion, the requirements of Section 2(b)(ii)(1);
- (iii) the Purchaser issuing Bonds in an amount which will be sufficient to pay the Purchase Price; and
- (iv) the receipt by the Purchaser of a certification of the County Auditor confirming the Initial Amount of the Proposition 1A Receivable pursuant to the Act.

(c) The performance by the Seller of its obligations hereunder shall be conditioned solely upon the Purchaser's issuance of the Bonds its execution and delivery of this Agreement, pursuant to which it is legally obligated to pay the Installment Payments to the Seller on the Payment Dates as set forth in this Agreement, and no other act or omission on the part of the Purchaser or any other party shall excuse the Seller from performing its obligations hereunder. Seller specifically disclaims any right to rescind this Agreement, or to assert that title to the Proposition 1A Receivable has not passed to the Purchaser, should Purchaser fail to make Installment Payments in the requisite amounts on the Payment Dates.

3. Purchase Price, Conveyance of Proposition 1A Receivable and Payment of Purchase Price.

(a) Upon pricing of the Bonds by the Purchaser, the Purchaser will inform the Seller that it will pay the Purchase Price in Installment Payments on the Payment Dates.

(b) In consideration of the Purchaser's agreement to pay and deliver to the Seller the Installment Payments on the Payment Dates, the Seller agrees to (i) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except as expressly provided herein, and the Purchaser agrees to purchase, accept and receive, the Proposition 1A Receivable, and (ii) assign to the Purchaser, to the extent permitted by law, all present or future rights, if any, of the Seller to enforce or cause the enforcement of payment of the Proposition 1A Receivable pursuant to the Act and other

applicable law. Such transfer, grant, bargain, sale, assignment, conveyance, set over and delivery is hereby expressly stated to be a sale and, pursuant to Section 6588.6(b) of the California Government Code, shall be treated as an absolute sale and transfer of the Proposition 1A Receivable, and not as a grant of a security interest by the Seller to secure a borrowing. This is the statement referred to in Sections 6588.6(b) and (c) of the California Government Code.

4. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Seller, as of the date hereof, as follows:

(a) The Purchaser is duly organized, validly existing and in good standing under the laws of the State of California.

(b) The Purchaser has full power and authority to enter into this Agreement and to perform its obligations hereunder and has duly authorized such purchase and assignment of the Proposition 1A Receivable by the Purchaser by all necessary action.

(c) Neither the execution and delivery by the Purchaser of this Agreement, nor the performance by the Purchaser of its obligations hereunder, shall conflict with or result in a breach or default under any of its organizational documents, any law, rule, regulation, judgment, order or decree to which it is subject or any agreement or instrument to which it is a party.

(d) To the best of the knowledge of the Purchaser, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Purchaser affecting the existence of the Purchaser or the titles of its commissioners or officers, or seeking to restrain or to enjoin the purchase of the Proposition 1A Receivable or to direct the application of the proceeds of the purchase thereof, or in any way contesting or affecting the validity or enforceability of any of the Transaction Documents or any other applicable agreements or any action of the Purchaser contemplated by any of said documents, or in any way contesting the powers of the Purchaser or its authority with respect to the Transaction Documents to which it is a party or any other applicable agreement, or any action on the part of the Purchaser contemplated by the Transaction Documents, or in any way seeking to enjoin or restrain the Purchaser from purchasing the Proposition 1A Receivable or which if determined adversely to the Purchaser would have an adverse effect upon the Purchaser's ability to purchase the Proposition 1A Receivable, nor to the knowledge of the Purchaser is there any basis therefor.

(e) This Agreement, and its execution, delivery and performance hereof have been duly authorized by it, and this Agreement has been duly executed and delivered by it and constitutes its valid and binding obligation enforceable against it in accordance with the terms hereof, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

(f) The Purchaser is a separate legal entity, acting solely through its authorized representatives, from the Seller, maintaining separate records, books of account, assets, bank accounts and funds, which are not and have not been commingled with those of the Seller.

(g) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would adversely affect, the purchase by the Purchaser of the Proposition 1A Receivable or the performance by the Purchaser of its obligations under the Transaction Documents to which it is a party and any other applicable agreements, have been obtained and are in full force and effect.

(h) Insofar as it would materially adversely affect the Purchaser's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents to which it is a party, or consummate the transactions contemplated by the same, the Purchaser is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of the knowledge of the Purchaser, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and the execution and delivery by the Purchaser of the Transaction Documents to which it is a party, and compliance by the Purchaser with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the Purchaser a breach of or default under any agreement or other instrument to which the Purchaser is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Purchaser is subject.

5. Representations and Warranties of the Seller. The Seller hereby represents and warrants to the Purchaser, as of the date hereof, as follows:

(a) The Seller is a local agency within the meaning of Section 6585(f) of the California Government Code, with full power and authority to execute and deliver this Agreement and to carry out its terms.

(b) The Seller has full power, authority and legal right to sell and assign the Proposition 1A Receivable to the Purchaser and has duly authorized such sale and assignment to the Purchaser by all necessary action; and the execution, delivery and performance by the Seller of this Agreement has been duly authorized by the Seller by all necessary action.

(c) This Agreement has been, and as of the Closing Date the Bill of Sale will have been, duly executed and delivered by the Seller and, assuming the due authorization, execution and delivery of this Agreement by the Purchaser, each of this Agreement and the Bill of Sale constitutes a legal, valid and binding obligation of the Seller enforceable in accordance with its terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws relating to or affecting creditors' rights generally or the application of equitable principles in any proceeding, whether at law or in equity.

(d) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would adversely affect, the sale by the Seller of the Proposition 1A Receivable or the performance by the Seller of its

obligations under the Resolution and the Transaction Documents to which it is a party and any other applicable agreements, have been obtained and are in full force and effect.

(e) Insofar as it would materially adversely affect the Seller's ability to enter into, carry out and perform its obligations under any or all of the Transaction Documents to which it is a party, or consummate the transactions contemplated by the same, the Seller is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property or assets is otherwise subject, and, to the best of the knowledge of the Seller, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument, and the adoption of the Resolution and the execution and delivery by the Seller of the Transaction Documents to which it is a party, and compliance by the Seller with the provisions thereof, under the circumstances contemplated thereby, do not and will not conflict with or constitute on the part of the Seller a breach of or default under any agreement or other instrument to which the Seller is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Seller is subject.

(f) To the best of the knowledge of the Seller, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller affecting the existence of the Seller or the titles of its **Board of Directors** members or officers to their respective offices, or seeking to restrain or to enjoin the sale of the Proposition 1A Receivable or to direct the application of the proceeds of the sale thereof, or in any way contesting or affecting the validity or enforceability of any of the Transaction Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents, or in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Transaction Documents to which it is a party or any other applicable agreement, or any action on the part of the Seller contemplated by the Transaction Documents, or in any way seeking to enjoin or restrain the Seller from selling the Proposition 1A Receivable or which if determined adversely to the Seller would have an adverse effect upon the Seller's ability to sell the Proposition 1A Receivable, nor to the knowledge of the Seller is there any basis therefor.

(g) Prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller was the sole owner of the Proposition 1A Receivable, and has such right, title and interest to the Proposition 1A Receivable as provided in the Act. From and after the conveyance of the Proposition 1A Receivable by the Seller to Purchaser on the Closing Date, the Seller shall have no right, title or interest in or to the Proposition 1A Receivable. Except as provided in this Agreement, the Seller has not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Proposition 1A Receivable, nor has the Seller created, or to the best knowledge of the Seller permitted the creation of, any lien, pledge, security interest or any other encumbrance (a "Lien") thereon. Prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller held title to the Proposition 1A Receivable free and clear of any Liens. As of the Closing Date, this Agreement, together with the Bill of Sale, constitutes a valid and absolute sale to the Buyer of all of the Seller's right, title and interest in and to the Proposition 1A Receivable.

(h) The Seller acts solely through its authorized officers or agents.

(i) The Seller maintains records and books of account separate from those of the Purchaser.

(j) The Seller maintains its respective assets separately from the assets of the Purchaser (including through the maintenance of separate bank accounts); the Seller's funds and assets, and records relating thereto, have not been and are not commingled with those of the Purchaser.

(k) The Seller's principal place of business and chief executive office is located at P.O. Box 2863, Big Bear Lake, CA 92315.

(l) The aggregate amount of the Installment Payments is reasonably equivalent value for the Proposition 1A Receivable. The Seller acknowledges that the amount payable to or on behalf of the Purchaser by the State with respect to the Proposition 1A Receivable will be in excess of the Purchase Price and the Initial Amount of the Proposition 1A Receivable and confirms that it has no claim to any such excess amount whatsoever.

(m) The Seller does not act as an agent of the Purchaser in any capacity, but instead presents itself to the public as an entity separate from the Purchaser.

(n) The Seller has not guaranteed and shall not guarantee the obligations of the Purchaser, nor shall it hold itself out or permit itself to be held out as having agreed to pay or as being liable for the debts of the Purchaser; and the Seller has not received nor shall the Seller accept any credit or financing from any Person who is relying upon the availability of the assets of the Purchaser in extending such credit or financing. The Seller has not purchased and shall not purchase any of the Bonds or any interest therein.

(o) All transactions between or among the Seller, on the one hand, and the Purchaser on the other hand (including, without limitation, transactions governed by contracts for services and facilities, such as payroll, purchasing, accounting, legal and personnel services and office space), whether existing on the date hereof or entered into after the date hereof, shall be on terms and conditions (including, without limitation, terms relating to amounts to be paid thereunder) which are believed by each such party thereto to be both fair and reasonable and comparable to those available on an arms-length basis from Persons who are not affiliates.

(p) The Seller has not, under the provisions of Section 100.06(b) of the California Revenue and Taxation Code, received a reduction for hardship or otherwise, nor has it requested, made arrangements for, or completed a reallocation or exchange with any other local agency, of the total amount of the ad valorem property tax revenue reduction allocated to the Seller pursuant to Section 100.06(a) of the California Revenue and Taxation Code.

6. Covenants of the Seller.

(a) The Seller shall not take any action or omit to take any action which adversely affects the interests of the Purchaser in the Proposition 1A Receivable and in the proceeds thereof. The Seller shall not take any action or omit to take any action that shall adversely affect

the ability of the Purchaser, and any assignee of the Purchaser, to receive payments of the Proposition 1A Receivable.

(b) The Seller shall not take any action or omit to take any action that would impair the validity or effectiveness of the Act, nor, without the prior written consent of the Purchaser or its assignees, agree to any amendment, modification, termination, waiver or surrender of, the terms of the Act, or waive timely performance or observance under the Act. Nothing in this agreement shall impose a duty on the Seller to seek to enforce the Act or to seek enforcement thereof by others, or to prevent others from modifying, terminating, discharging or impairing the validity or effectiveness of the Act.

(c) Upon request of the Purchaser or its assignee, (i) the Seller shall execute and deliver such further instruments and do such further acts (including being named as a plaintiff in an appropriate proceeding) as may be reasonably necessary or proper to carry out more effectively the purposes and intent of this Agreement and the Act, and (ii) the Seller shall take all actions necessary to preserve, maintain and protect the title of the Purchaser to the Proposition 1A Receivable.

(d) On or before the Closing Date, the Seller shall send (or cause to be sent) an irrevocable instruction to the Controller pursuant to Section 6588.6(c) of California Government Code to cause the Controller to disburse all payments of the Proposition 1A Receivable to the Trustee, together with notice of the sale of the Proposition 1A Receivable to the Purchaser and the assignment of all or a portion of such assets by the Purchaser to the Trustee. Such notice and instructions shall be in the form of Exhibit D hereto. The Seller shall not take any action to revoke or which would have the effect of revoking, in whole or in part, such instructions to the Controller. Upon sending such irrevocable instruction, the Seller shall have relinquished and waived any control over the Proposition 1A Receivable, any authority to collect the Proposition 1A Receivable, and any power to revoke or amend the instructions to the Controller contemplated by this paragraph. Except as provided in Section 2(c) of this Agreement, the Seller shall not rescind, amend or modify the instruction described in the first sentence of this paragraph. The Seller shall cooperate with the Purchaser or its assignee in giving instructions to the Controller if the Purchaser or its assignee transfers the Proposition 1A Receivable. In the event that the Seller receives any proceeds of the Proposition 1A Receivable, the Seller shall hold the same in trust for the benefit of the Purchaser and the Trustee and each Credit Enhancer, as assignees of the Purchaser, and shall promptly remit the same to the Trustee.

(e) The Seller hereby covenants and agrees that it will not at any time institute against the Purchaser, or join in instituting against the Purchaser, any bankruptcy, reorganization, arrangement, insolvency, liquidation, or similar proceeding under any United States or state bankruptcy or similar law.

(f) The financial statements and books and records of the Seller prepared after the Closing Date shall reflect the separate existence of the Purchaser and the sale to the Purchaser of the Proposition 1A Receivable.

(g) The Seller shall treat the sale of the Proposition 1A Receivable as a sale for regulatory and accounting purposes.

(h) From and after the date of this Agreement, the Seller shall not sell, transfer, assign, set over or otherwise convey any right, title or interest of any kind whatsoever in all or any portion of the Proposition 1A Receivable, nor shall the Seller create, or to the knowledge of the Seller permit the creation of, any Lien thereon.

7. The Purchaser's Acknowledgment. The Purchaser acknowledges that the Proposition 1A Receivable is not a debt or liability of the Seller, and that the Proposition 1A Receivable is payable solely by the State from the funds of the State provided therefor. Consequently, neither the taxing power of the Seller, nor the full faith and credit thereof is pledged to the payment of the Proposition 1A Receivable. No representation is made by the Seller concerning the obligation or ability of the State to make any payment of the Proposition 1A Receivable pursuant to Section 100.06 of the Revenue and Taxation Code and Section 25.5 of Article XIII of the California Constitution, nor is any representation made with respect to the ability of the State to enact any change in the law applicable to the Transaction Documents (including without limitation Section 100.06 of the Revenue and Taxation Code or Section 6588.6 of the Government Code). The Purchaser acknowledges that the Seller has no obligation with respect to any offering document or disclosure related to the Bonds.

8. Notices of Breach.

(a) Upon discovery by the Seller or the Purchaser that the Seller or Purchaser has breached any of its covenants or that any of the representations or warranties of the Seller or the Purchaser are materially false or misleading, in a manner that materially and adversely affects the value of the Proposition 1A Receivable or the Purchase Price thereof, the discovering party shall give prompt written notice thereof to the other party and to the Trustee, as assignee of the Purchaser, who shall, pursuant to the Indenture, promptly thereafter notify each Credit Enhancer and the Rating Agencies.

(b) The Seller shall not be liable to the Purchaser, the Trustee, the holders of the Bonds, or any Credit Enhancer for any loss, cost or expense resulting from the failure of the Trustee, any Credit Enhancer or the Purchaser to promptly notify the Seller upon the discovery by an authorized officer of the Trustee, any Credit Enhancer or the Purchaser of a breach of any covenant or any materially false or misleading representation or warranty contained herein.

9. Liability of Seller; Indemnification. The Seller shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by the Seller under this Agreement. The Seller shall indemnify, defend and hold harmless the Purchaser, the Trustee and each Credit Enhancer, as assignees of the Purchaser, and their respective officers, directors, employees and agents from and against any and all costs, expenses, losses, claims, damages and liabilities to the extent that such cost, expense, loss, claim, damage or liability arose out of, or was imposed upon any such Person by the Seller's breach of any of its covenants contained herein or any materially false or misleading representation or warranty of the Seller contained herein. Notwithstanding anything to the contrary herein, the Seller shall have no liability for the payment of the principal of or interest on the Bonds issued by the Purchaser.

10. Limitation on Liability.

(a) The Seller and any officer or employee or agent of the Seller may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person respecting any matters arising hereunder. The Seller shall not be under any obligation to appear in, prosecute or defend any legal action regarding the Act that is unrelated to its specific obligations under this Agreement.

(b) No officer or employee of the Seller shall have any liability for the representations, warranties, covenants, agreements or other obligations of the Seller hereunder or in any of the certificates, notices or agreements delivered pursuant hereto, as to all of which recourse shall be had solely to the assets of the Seller.

11. The Seller's Acknowledgment. The Seller hereby agrees and acknowledges that the Purchaser intends to assign and grant a security interest in all or a portion of (a) its rights hereunder and (b) the Proposition 1A Receivable, to the Trustee and each Credit Enhancer pursuant to the Indenture. The Seller further agrees and acknowledges that the Trustee, the holders of the Bonds, and each Credit Enhancer have relied and shall continue to rely upon each of the foregoing representations, warranties and covenants, and further agrees that such Persons are entitled so to rely thereon. Each of the above representations, warranties and covenants shall survive any assignment and grant of a security interest in all or a portion of this Agreement or the Proposition 1A Receivable to the Trustee and each Credit Enhancer and shall continue in full force and effect, notwithstanding any subsequent termination of this Agreement and the other Transaction Documents. The above representations, warranties and covenants shall inure to the benefit of the Trustee and each Credit Enhancer.

12. Notices. All demands upon or, notices and communications to, the Seller, the Purchaser, the Trustee or the Rating Agencies under this Agreement shall be in writing, personally delivered or mailed by certified mail, return receipt requested, to such party at the appropriate notice address, and shall be deemed to have been duly given upon receipt.

13. Amendments. This Agreement may be amended by the Seller and the Purchaser, with (a) the consent of the Trustee, (b) the consent of each Credit Enhancer, and (c) a Rating Agency Confirmation, but without the consent of any of the holders of the Bonds, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement.

Promptly after the execution of any such amendment, the Purchaser shall furnish written notification of the substance of such amendment to the Trustee and to the Rating Agencies.

14. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Seller, the Purchaser and their respective successors and permitted assigns. The Seller may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Purchaser. Except as specified herein, the Purchaser may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Seller.

15. Third Party Rights. The Trustee and each Credit Enhancer are express and intended third party beneficiaries under this Agreement. Nothing expressed in or to be implied from this Agreement is intended to give, or shall be construed to give, any Person, other than the parties hereto, the Trustee, and each Credit Enhancer, and their permitted successors and assigns hereunder, any benefit or legal or equitable right, remedy or claim under or by virtue of this Agreement or under or by virtue of any provision herein.

16. Partial Invalidity. If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

17. Counterparts. This Agreement may be executed in any number of identical counterparts, any set of which signed by all the parties hereto shall be deemed to constitute a complete, executed original for all purposes.

18. Entire Agreement. This Agreement sets forth the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes any and all oral or written agreements or understandings between the parties as to the subject matter hereof.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be duly executed as of the date first written above.

HIG BEAR MUNICIPAL WATER DISTRICT,
as Seller

By: _____
Authorized Officer

CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT AUTHORITY, as Purchaser

By: _____
Authorized Signatory

**EXHIBIT A
DEFINITIONS**

For all purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined herein shall have the meanings set forth below.

“Act” means Chapter 14XXXX of the California Statutes of 2009 (Assembly Bill No. 15), as amended.

“Bill of Sale” has the meaning given to that term in Section 2(b)(ii) hereof.

“Closing Date” means the date on which the Bonds are issued. The Closing Date is expected to be November 19, 2009, but the Purchaser may change the Closing Date by providing e-mail notification to shoule@bbmwd.org not later than one day prior to the Closing Date.

“Controller” means the Controller of the State.

“County Auditor” means the auditor or auditor-controller of the county within which the Seller is located.

“Credit Enhancer” means any municipal bond insurance company, bank or other financial institution or organization which is performing in all material respects its obligations under any Credit Support Instrument for some or all of the Bonds.

“Credit Support Instrument” means a policy of insurance, a letter of credit, a stand-by purchase agreement, a revolving credit agreement or other credit arrangement pursuant to which a Credit Enhancer provides credit or liquidity support with respect to the payment of interest, principal or purchase price of the Bonds.

“Initial Amount” means, with respect to the Proposition 1A Receivable, the amount of property tax revenue reallocated away from the Seller pursuant to the provisions of Section 100.06 of the Revenue and Taxation Code, as certified by the County Auditor pursuant to the Act.

“Installment Payments” have the meaning set forth in Section 2(a).

“Payment Dates” have the meaning set forth in Section 2(a).

“Pricing Date” means the date on which the Bonds are sold. The Pricing Date is expected to be November 10, 2009, but the Purchaser may change the Pricing Date by providing e-mail notification to shoule@bbmwd.org not later than one day prior to the Pricing Date.

“Principal Place of Business” means, with respect to the Seller, the location of the Seller’s principal place of business and chief executive office located at [P.O. Box. 2863, Big Bear Lake, CA 92315](mailto:shoule@bbmwd.org).

“Proposition 1A Receivable” has the meaning set forth in Section 2(a).

“Purchase Price” means an amount equal to the Initial Amount.

“Rating Agency” means any nationally recognized rating agency then providing or maintaining a rating on the Bonds at the request of the Purchaser.

“Rating Agency Confirmation” means written confirmation from each Rating Agency that any proposed action will not, in and of itself, cause the Rating Agency to lower, suspend or withdraw the rating then assigned by such Rating Agency to any Bonds.

“Resolution” means the resolution adopted by the **Board of Directors** approving the sale of the Proposition 1A Receivable.

“State” means the State of California.

“Transaction Counsel” means Orrick, Herrington & Sutcliffe LLP.

“Transaction Documents” mean this Agreement, the Bill of Sale, the Indenture, the Bonds and the Irrevocable Instructions For Disbursement of Proposition 1A Receivable of **Big Bear Municipal Water District**, dated as of the Closing Date.

OPINION OF COUNSEL
to
BIG BEAR MUNICIPAL WATER DISTRICT

Dated: Pricing Date

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo Bank, National Association
Los Angeles, California

Re: Sale of Proposition 1A Receivable

Ladies & Gentlemen:

[I have/This Office has] acted as counsel for the Big Bear Municipal Water District (the “Seller”) in connection with the adoption of that certain resolution (the “Resolution”) of the Board of Directors of the Seller (the “Governing Body”) pursuant to which the Seller authorized the sale to the California Statewide Communities Development Authority (the “Purchaser”) of the Seller’s “Proposition 1A Receivable”, as defined in and pursuant to the Purchase and Sale Agreement dated as of November 1, 2009 (the “Sale Agreement”) between the Seller and the Purchaser. In connection with these transactions, the Seller has issued certain Irrevocable Instructions For Disbursement of the Seller’s Proposition 1A Receivable to the Controller of the State of California (the “Disbursement Instructions”) and a Bill of Sale and Bringdown Certificate of the Seller (the “Bill of Sale” and, collectively with the Sale Agreement and the Disbursement Instructions, the “Seller Documents”).

Unless the context otherwise requires, capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Sale Agreement. [I/We] have examined and are familiar with the Seller Documents and with those documents relating to the existence, organization, and operation of the Seller, the adoption of the Resolution, and the execution of the Seller Documents, and have satisfied ourselves as to such other matters as [I/we] deem necessary in order to render the following opinions. As to paragraphs numbered 3 and 4 below, [I/we] have relied as to factual matters on the representations and warranties of the Seller contained in the Sale Agreement.

Based upon the foregoing, and subject to the limitations and qualifications set forth herein, [I/we] are of the opinion that:

1. The Seller is a local agency, within the meaning of Section 6585(f) of the California Government Code. The Governing Body is the governing body of the Seller.

2. The Resolution was duly adopted at a meeting of the Governing Body, which was called and held pursuant to law and with all public notice required by law, and at which a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

3. To the best of [my/our] knowledge, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Seller (i) affecting the existence of the Seller or the titles of its Governing Body members or officers to their respective offices; (ii) seeking to restrain or to enjoin the sale of the Proposition 1A Receivable or to direct the application of the proceeds of the sale thereof, or materially adversely affecting the sale of the Proposition 1A Receivable; (iii) in any way contesting or affecting the validity or enforceability of the Resolution, Seller Documents or any other applicable agreements or any action of the Seller contemplated by any of said documents; or (iv) in any way contesting the powers of the Seller or its authority with respect to the Resolution or the Seller Documents or any other applicable agreement, or any action on the part of the Seller contemplated by any of said documents.

4. To the best of [my/our] knowledge, prior to the sale of the Proposition 1A Receivable to the Purchaser, the Seller had not sold, transferred, assigned, set over or otherwise conveyed any right, title or interest of any kind whatsoever in all or any portion of the Seller's Proposition 1A Receivable, nor had the Seller created, or permitted the creation of, any Lien thereon.

5. The Seller has duly authorized and executed the Seller Documents and, assuming the due authorization execution and delivery of the Sale Agreement by the Purchaser, each Seller Document will be legal, valid and binding against the Seller and enforceable against the Seller in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or laws relating to or affecting creditors' rights, and the application of equitable principles and the exercise of judicial discretion in appropriate areas.

No opinion is expressed concerning the obligation or ability of the State of California to make any payment of the Proposition 1A Receivable pursuant to Section 100.06 of the Revenue and Taxation Code and Section 25.5 of Article XIII of the California Constitution, nor is any opinion expressed with respect to the ability of the State to enact any change in the law applicable to the Seller Documents (including, without limitation, Section 100.06 of the Revenue and Taxation Code or Section 6588.6 of the Government Code). Furthermore, [I/we] express no opinion as to the value of the Proposition 1A Receivable or as to any legal or equitable remedies that may be available to any person should the Proposition 1A Receivable have little or no value. No opinion is expressed with respect to the sale of Bonds by the Purchaser.

The legal opinion set forth herein is intended for the information solely of the addressees hereof and for the purposes contemplated by the Sale Agreement. The addressees may not rely on it in connection with any transactions other than those described herein, and it is not to be relied upon by any other person or entity, or for any other purpose, or quoted as a whole or in part, or otherwise referred to, in any document, or to be filed with any governmental or administrative agency other than the Purchaser or with any other person or entity for any purpose without [my/our] prior written consent. In addition to the addressees hereof, each Credit Enhancer and the underwriters of the Bonds may rely upon this legal opinion as if it were addressed to them. [I/We] do not undertake to advise you of matters that may come to [my/our] attention subsequent to the date hereof that may affect the opinions expressed herein.

Very truly yours,

By: _____
Seller's Counsel

OPINION OF COUNSEL
to
BIG BEAR MUNICIPAL WATER DISTRICT

Dated: Closing Date

California Statewide Communities Development Authority
Sacramento, California

Wells Fargo Bank, National Association
Los Angeles, California

Re: Sale of Proposition 1A Receivable (Bringdown Opinion)

Ladies & Gentlemen:

Pursuant to that certain Purchase and Sale Agreement dated as of November 1, 2009 (the "Sale Agreement") between the Big Bear Municipal Water District (the "Seller") and the California Statewide Communities Development Authority (the "Purchaser"), this Office delivered an opinion (the "Opinion") dated the Pricing Date as counsel for the Seller in connection with the sale of the Seller's Proposition 1A Receivable (as defined in the Sale Agreement), the execution of documents related thereto and certain other related matters.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Sale Agreement.

I confirm that you may continue to rely upon the Opinion as if it were dated as of the date hereof. Each Credit Enhancer and the underwriters of the Bonds may rely upon this legal opinion as if it were addressed to them. This letter is delivered to you pursuant to Section 2(b)(ii)(1) of the Sale Agreement.

Very truly yours,

By: _____
Seller's Counsel

**EXHIBIT C1
CLERK'S CERTIFICATE**

**CERTIFICATE OF THE
SECRETARY OF
BIG BEAR MUNICIPAL WATER DISTRICT, CALIFORNIA**

Dated: Pricing Date

The undersigned **Secretary** of the **Big Bear Municipal Water District** (the "Seller"), a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code, does hereby certify that the foregoing is a full, true and correct copy of Resolution No. _____ duly adopted at a **regular** meeting of the **Board of Directors** of said Seller duly and legally held at the regular meeting place thereof on the _____ day of _____, 2009, of which meeting all of the members of said **Board of Directors** had due notice and at which a quorum was present and acting throughout, and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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

I do hereby further certify that an agenda of said meeting was posted at least 72 hours before said meeting at a location in the City of **Big Bear Lake**, California freely accessible to members of the public, and a brief general description of said resolution appeared on said agenda.

Capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase and Sale Agreement, dated as of November 1, 2009, between the Seller and the California Statewide Communities Development Authority.

WITNESS by my hand as of the Pricing Date.

By:

Secretary of the **Big Bear Municipal Water District**, California

**EXHIBIT C2
SELLER CERTIFICATE**

SELLER CERTIFICATE

Dated: Pricing Date

We, the undersigned officers of the Big Bear Municipal Water District (the "Seller"), a local agency of the State of California within the meaning of Section 6585(f) of the California Government Code, holding the respective offices herein below set opposite our signatures, do hereby certify that on the date hereof the following documents (the "Seller Transaction Documents") were officially executed and delivered by the Authorized Officer or Officers whose names appear on the executed copies thereof, to wit:

Document

1. Purchase and Sale Agreement, dated as of November 1, 2009 (the "Sale Agreement"), between the Seller and the California Statewide Communities Development Authority (the "Purchaser").
2. Irrevocable Instructions For Disbursement of Seller's Proposition 1A Receivable to the Controller of the State of California, dated the Closing Date.
3. Bill of Sale, dated the Closing Date.

Capitalized terms used herein and not defined herein shall have the meaning given such terms in the Sale Agreement.

We further certify as follows:

1. At the time of signing the Seller Transaction Documents and the other documents and opinions related thereto, we held said offices, respectively, and we now hold the same.
2. The representations and warranties of the Seller contained in the Seller Transaction Documents are true and correct as of the date hereof in all material respects.
3. The Board of Directors duly adopted its resolution (the "Resolution") approving the sale of the Seller's Proposition 1A Receivable at a meeting of the Board of Directors which was duly called and held pursuant to law with all public notice required by law and at which a quorum was present and acting when the Resolution was adopted, and such Resolution is in full force and effect and has not been amended, modified, supplemented or rescinded.

Name, Official Title _____

Signature

Todd Murphy, President

Paula Fashempour, Vice President

I HEREBY CERTIFY that the signatures of the officers named above are genuine.

Dated: Pricing Date

By:

Secretary of the Big Bear Municipal Water District, California

EXHIBIT C3
BILL OF SALE AND BRINGDOWN CERTIFICATE

BILL OF SALE AND BRINGDOWN CERTIFICATE

Pursuant to terms and conditions of the Purchase and Sale Agreement (the "Sale Agreement"), dated as of November 1, 2009, between the undersigned (the "Seller") and the California Statewide Communities Development Authority (the "Purchaser"), and in consideration of the obligation of the Purchaser to pay and deliver to the Seller the Purchase Price (as defined in the Sale Agreement), in two equal installment payments to be made on January 15, 2010, and May 3, 2010 (collectively, the "Payment Dates"), the Seller does hereby (a) transfer, grant, bargain, sell, assign, convey, set over and deliver to the Purchaser, absolutely and not as collateral security, without recourse except as expressly provided in the Sale Agreement, the Proposition 1A Receivable as defined in the Sale Agreement (the "Proposition 1A Receivable"), and (b) assign to the Purchaser, to the extent permitted by law (as to which no representation is made), all present or future rights, if any, of the Seller to enforce or cause the enforcement of payment of the Proposition 1A Receivable pursuant to the Act and other applicable law. Such transfer, grant, bargain, sale, assignment, conveyance, set over and delivery is hereby expressly stated to be a sale and, pursuant to Section 6588.6(b) of the California Government Code, shall be treated as an absolute sale and transfer of the Proposition 1A Receivable, and not as a grant of a security interest by the Seller to secure a borrowing. Seller specifically disclaims any right to rescind the Agreement, or to assert that title to the Proposition 1A Receivable has not passed to the Purchaser, should Purchaser fail to make the installment payments in the requisite amounts on the Payment Dates.

The Seller hereby certifies that the representations and warranties of the Seller set forth in the Certificate of the **Secretary** dated the Pricing Date, the Seller Certificate dated the Pricing Date and in the Transaction Documents to which the Seller is a party are true and correct in all material respects as of the date hereof (except for such representations and warranties made as of a specified date, which are true and correct as of such date). Capitalized terms used but not defined herein shall have the meanings given to such terms in the Sale Agreement.

Dated: Closing Date

**BIG BEAR MUNICIPAL WATER
DISTRICT**

By: _____
Authorized Officer

EXHIBIT D
IRREVOCABLE INSTRUCTIONS TO CONTROLLER

IRREVOCABLE INSTRUCTIONS FOR DISBURSEMENT
OF PROPOSITION 1A RECEIVABLE OF
BIG BEAR MUNICIPAL WATER DISTRICT

Dated: Closing Date

Office of the Controller
State of California
P.O. Box 942850
Sacramento, California 94250-5872

Re: Notice of Sale of Proposition 1A Receivable by the **Big Bear Municipal Water District** and Wiring Instructions Information Form

Dear Sir or Madam:

Pursuant to Section 6588.6(c) of the California Government Code, **Big Bear Municipal Water District** (the "Seller") hereby notifies you of the sale by Seller, effective as of the date of these instructions written above, of all right, title and interest of the Seller in and to the "Proposition 1A Receivable" as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code.

By resolution, the Seller's **Board of Directors** authorized the sale of the Proposition 1A Receivable to the California Statewide Communities Development Authority (the "Purchaser") pursuant to a Purchase and Sale Agreement, dated as of November 1, 2009 (the "Purchase and Sale Agreement") and a Bill of Sale, dated the Closing Date (as defined in the Purchase and Sale Agreement). The Proposition 1A Receivable has been pledged and assigned by the Purchaser pursuant to an Indenture, dated as of November 1, 2009 (the "Indenture") between the Purchaser and Wells Fargo Bank, National Association, as Trustee (the "Trustee").

The Seller hereby irrevocably requests and directs that, commencing as of the date of these instructions written above, all payments of the Proposition 1A Receivable (and documentation related thereto) be made directly to Wells Fargo Bank, National Association, as Trustee, in accordance with the wire instructions and bank routing information set forth below.

Please note that the sale of the Proposition 1A Receivable by the Seller is irrevocable and that: (i) the Seller has no power to revoke or amend these instructions at any time; (ii) the Purchaser shall have the power to revoke or amend these instructions only if there are no notes of the Purchaser outstanding under the Indenture and the Indenture has been discharged; and (iii) so long as the Indenture has not been discharged, these instructions

cannot be revoked or amended by the Purchaser without the consent of the Trustee. Should the Purchaser, however, deliver a written notice to the Office of the Controller stating that: (a) the Seller failed to meet the requirements set forth in the Purchase and Sale Agreement; (b) the Purchaser has not waived such requirements; and (c) the Purchaser has not purchased the Proposition 1A Receivable as a result of the circumstances described in (a) and (b) above, then these instructions shall be automatically rescinded and the Seller shall again be entitled to receive all payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code.

Bank Name: Wells Fargo Bank, N.A.
Bank ABA Routing #: 121000248
Bank Account #: 0001038377
Bank Account Name: Corporate Trust Clearing
Further Credit To: CSCDA Proposition 1A Bonds
Bank Address: 707 Wilshire Blvd., 17th Floor
MAC E2818-176
Los Angeles, CA 90017
Bank Telephone #: (213) 614-3353
Bank Contact Person: Robert Schneider

Please do not hesitate to call the undersigned if you have any questions regarding this transaction. Thank you for your assistance in this matter.

Very truly yours,

BIG BEAR MUNICIPAL WATER DISTRICT

By: _____
Authorized Officer

EXHIBIT E
ESCROW INSTRUCTION LETTER

ESCROW INSTRUCTION LETTER

_____, 2009

California Statewide Communities Development Authority
1100 K Street
Sacramento, CA 95814

Re: Proposition 1A Receivable Financing

Dear Sir or Madam:

The Big Bear Municipal Water District (the "Seller") hereby notifies you of its agreement to participate in the California Statewide Communities Development Authority Proposition 1A Receivable Financing. By adoption of a resolution (the "Resolution") authorizing the sale of its Proposition 1A Receivable, the Seller's Board of Directors has agreed to sell to the California Statewide Communities Development Authority (the "Purchaser"), for a purchase price that meets the conditions set forth in the Resolution, all of its right, title and interest in the Proposition 1A Receivable.

Enclosed herewith are the following documents which have been duly approved and executed by the Seller and which are to be held in escrow by Orrick, Herrington & Sutcliffe LLP, as transaction counsel ("Transaction Counsel"), as instructed below:

1. certified copy of the Resolution, together with a certificate of the Secretary, dated the Pricing Date;
2. the Seller Certificate, dated the Pricing Date;
3. the Opinion of Seller's Counsel, dated the Pricing Date;
4. the Opinion of Seller's Counsel (bringdown opinion), dated the Closing Date;
5. the Purchase and Sale Agreement, dated as of November 1, 2009;
6. the Bill of Sale and Bringdown Certificate, dated the Closing Date; and
7. the Irrevocable Instructions to Controller, dated the Closing Date.

The foregoing documents are to be held in escrow by Transaction Counsel and shall be delivered on the Closing Date (as defined in the Purchase and Sale Agreement), provided that such Closing Date occurs on or before December 31, 2009.

Should (i) the Closing Date not occur on or before December 31, 2009, or (ii) Transaction Counsel receive prior to the Closing Date written notification from Seller or Seller's Counsel stating, respectively and in good faith, that the representations made in the Seller's Certificate are not true and accurate, or the opinions set forth in the Opinion of Seller's Counsel are not valid, in each case as of the Closing Date and provided that the Purchaser may, in its sole discretion, choose to waive receipt of such representations or opinions, then this agreement shall terminate and Transaction Counsel shall destroy all of the enclosed documents.

Very truly yours,

RIG BEAR MUNICIPAL WATER DISTRICT

By: _____
Authorized Officer

Enclosures

cc: Orrick, Herrington & Sutcliffe LLP

RESOLUTION NO. _____

**BOARD OF DIRECTORS
OF THE
BIG BEAR MUNICIPAL WATER DISTRICT**

A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S PROPOSITION 1A RECEIVABLE FROM THE STATE; AND DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Section 25.5 of Article XIII of the California Constitution and Chapter 14XXXX of the California Statutes of 2009 (Assembly Bill No. 15), as amended (the "Act"), certain local agencies within the State of California (the "State") are entitled to receive certain payments to be made by the State on or before June 30, 2013, as reimbursement for reductions in the percentage of the total amount of ad valorem property tax revenues allocated to such local agencies during the State's 2009-10 fiscal year (the "Reimbursement Payments"), which reductions have been authorized pursuant to Sections 100.05 and 100.06 of the California Revenue and Taxation Code;

WHEREAS, the Big Bear Municipal Water District, a local agency within the meaning of Section 6585(f) of the California Government Code (the "Seller"), is entitled to and has determined to sell all right, title and interest of the Seller in and to its "Proposition 1A receivable", as defined in Section 6585(g) of the California Government Code (the "Proposition 1A Receivable"), namely, the right to payment of moneys due or to become due to the Seller pursuant to Section 25.5(a)(1)(B)(iii) of Article XIII of the California Constitution and Section 100.06 of the California Revenue and Taxation Code, in order to obtain money to fund public capital improvements or working capital;

WHEREAS, the Seller is authorized to sell or otherwise dispose of its property as the interests of its residents require;

WHEREAS, the California Statewide Communities Development Authority, a joint exercise of powers authority organized and existing under the laws of the State (the "Purchaser"), has been authorized pursuant to Section 6588(x) of the California Government Code to purchase the Proposition 1A Receivable;

WHEREAS, the Purchaser desires to purchase the Proposition 1A Receivable and the Seller desires to sell the Proposition 1A Receivable pursuant to a purchase and sale agreement by and between the Seller and the Purchaser in the form presented to this Board of Directors (the "Sale Agreement") for the purposes set forth herein;

WHEREAS, in order to finance the purchase price of the Proposition 1A Receivable from the Seller and the purchase price of other Proposition 1A Receivables from other local agencies, the Purchaser will issue its bonds (the "Bonds") pursuant to Section 6590 of the California Government Code and an Indenture (the "Indenture"), by and between the Purchaser and Wells Fargo Bank, National Association, as trustee (the "Trustee"), which Bonds will be payable solely

from the proceeds of the Seller's Proposition 1A Receivable and other Proposition 1A Receivables sold to the Purchaser by local agencies in connection with the issuance of the Bonds;

WHEREAS, the Seller acknowledges that (i) any transfer of its Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement shall be treated as an absolute sale and transfer of the property so transferred and not as a pledge or grant of a security interest by Big Bear Municipal Water District to secure a borrowing, (ii) any such sale of its Proposition 1A Receivable to the Purchaser shall automatically be perfected without the need for physical delivery, recordation, filing or further act, (iii) the provisions of Division 9 (commencing with Section 9101) of the California Commercial Code and Sections 954.5 to 955.1 of the California Civil Code, inclusive, shall not apply to the sale of its Proposition 1A Receivable, and (iv) after such transfer, the Seller shall have no right, title, or interest in or to the Proposition 1A Receivable sold to the Purchaser and the Proposition 1A Receivable will thereafter be owned, received, held and disbursed only by the Purchaser or a trustee or agent appointed by the Purchaser;

WHEREAS, the Seller acknowledges that the Purchaser will grant a security interest in the Proposition 1A Receivable to the Trustee and any credit enhancer to secure payment of the Bonds;

WHEREAS, a portion of the proceeds of the Bonds will be used by the Purchaser to, among other things, pay the purchase price of the Proposition 1A Receivable;

WHEREAS, the Seller will use the proceeds received from the sale of the Proposition 1A Receivable for any lawful purpose as permitted under the applicable laws of the State;

NOW THEREFORE, the Board of Directors of the Big Bear Municipal Water District hereby resolves as follows:

Section 1. All of the recitals set forth above are true and correct, and this Board of Directors hereby so finds and determines.

Section 2. The Seller hereby authorizes the sale of the Proposition 1A Receivable to the Purchaser for a price equal to the amount certified as the Initial Amount (as defined in the Sale Agreement) by the County auditor pursuant to the Act. The form of Sale Agreement presented to the Board of Directors is hereby approved. An Authorized Officer (as set forth in Appendix A of this Resolution, attached hereto and by this reference incorporated herein) is hereby authorized and directed to execute and deliver the Sale Agreement on behalf of the Seller, which shall be in the form presented at this meeting.

Section 3. Any Authorized Officer is hereby authorized and directed to send, or to cause to be sent, an irrevocable written instruction to the State Controller (the "Irrevocable Written Instruction") notifying the State of the sale of the Proposition 1A Receivable and instructing the disbursement pursuant to Section 6588.6(c) of California Government Code of the Proposition 1A Receivable to the Trustee, on behalf of the Purchaser, which Irrevocable Written Instruction shall be in the form presented at this meeting.

Section 4. The Authorized Officers and such other Seller officers, as appropriate, are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including but not limited to, if required, appropriate escrow instructions relating to the delivery into escrow of executed documents prior to the closing of the Bonds, and such other documents mentioned in the Sale Agreement or the Indenture, which any of them may deem necessary or desirable in order to implement the Sale Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. All consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, whether before or after the sale of the Proposition 1A Receivable or the issuance of the Bonds, including without limitation any of the foregoing that may be necessary or desirable in connection with any default under or amendment of such documents, may be given or taken by an Authorized Officer without further authorization by this Board of Directors, and each Authorized Officer is hereby authorized and directed to give any such consent, approval, notice, order or request, to execute any necessary or appropriate documents or amendments, and to take any such action that such Authorized Officer may deem necessary or desirable to further the purposes of this Resolution.

Section 6. The Board of Directors acknowledges that, upon execution and delivery of the Sale Agreement, the Seller is contractually obligated to sell the Proposition 1A Receivable to the Purchaser pursuant to the Sale Agreement and the Seller shall not have any option to revoke its approval of the Sale Agreement or to determine not to perform its obligations thereunder.

Section 7. This Resolution shall take effect from and after its adoption and approval.

PASSED AND ADOPTED by the **Board of Directors** of the **Big Bear Municipal Water District**, State of California, this _____ day of _____, 2009, by the following vote:

AYES:

NOES:

ABSENT:

President

Attest:

Secretary

Approved as to form :

SELLER'S COUNSEL

By _____

Dated: _____

APPENDIX A

BIG BEAR MUNICIPAL WATER DISTRICT

Authorized Officers:

Todd Murphy, President

Paula Fashampour, Vice President

any designee of any of them, as appointed in a written certificate of such Authorized Officer delivered to the Trustee.

Table 1. Mean values of the dependent variables for the three groups of subjects (mean \pm SD)

Group	Age (years)	Height (cm)	Weight (kg)	VO ₂ max (ml min ⁻¹ kg ⁻¹)	VO ₂ max (ml min ⁻¹)	VO ₂ max (l min ⁻¹)	VO ₂ max (l min ⁻¹ m ⁻²)
Control	20.5 \pm 0.5	175.5 \pm 5.5	70.5 \pm 5.5	38.5 \pm 1.5	2700 \pm 100	19.5 \pm 0.5	110.5 \pm 3.5
Endurance	20.5 \pm 0.5	175.5 \pm 5.5	70.5 \pm 5.5	48.5 \pm 1.5	3400 \pm 100	24.5 \pm 0.5	135.5 \pm 3.5
Strength	20.5 \pm 0.5	175.5 \pm 5.5	70.5 \pm 5.5	43.5 \pm 1.5	3100 \pm 100	22.5 \pm 0.5	125.5 \pm 3.5

VO₂max = maximum oxygen consumption; SD = standard deviation.

3.1. Effect of training on the dependent variables

There were significant differences between the control and the endurance and strength groups in all the dependent variables ($P < 0.05$). The endurance group had significantly higher values of VO₂max (ml min⁻¹ kg⁻¹) (38.5 \pm 1.5 vs. 48.5 \pm 1.5), VO₂max (ml min⁻¹) (2700 \pm 100 vs. 3400 \pm 100), VO₂max (l min⁻¹) (19.5 \pm 0.5 vs. 24.5 \pm 0.5) and VO₂max (l min⁻¹ m⁻²) (110.5 \pm 3.5 vs. 135.5 \pm 3.5) compared with the control group. The strength group had significantly higher values of VO₂max (ml min⁻¹ kg⁻¹) (38.5 \pm 1.5 vs. 43.5 \pm 1.5), VO₂max (ml min⁻¹) (2700 \pm 100 vs. 3100 \pm 100), VO₂max (l min⁻¹) (19.5 \pm 0.5 vs. 22.5 \pm 0.5) and VO₂max (l min⁻¹ m⁻²) (110.5 \pm 3.5 vs. 125.5 \pm 3.5) compared with the control group.

There were no significant differences between the endurance and strength groups in any of the dependent variables.

There were no significant differences between the control and the endurance and strength groups in any of the independent variables.

3.2. Effect of training on the independent variables

There were no significant differences between the control and the endurance and strength groups in any of the independent variables. There were no significant differences between the endurance and strength groups in any of the independent variables. There were no significant differences between the control and the endurance and strength groups in any of the independent variables.

There were no significant differences between the endurance and strength groups in any of the independent variables.

There were no significant differences between the control and the endurance and strength groups in any of the independent variables.

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September 24, 2009

Re: California Statewide Communities Development Authority
Proposition 1A Receivable Financing Program

To: Participating Local Agency

Thank you for enrolling in the Proposition 1A Receivable Financing Program (the "Program") sponsored by California Statewide Communities Development Authority (CSCDA). Attached are the final versions of the resolution and documents that your local agency will need to approve and execute in order to participate in the Program, as follows:

- (A) Resolution approving participation in the Proposition 1A Receivable Financing Program (the "Proposition 1A Resolution"); and
- (B) Purchase and Sale Agreement (the "Sale Agreement").

In addition, attached to the Sale Agreement are the following documents:

- (C) Opinion of Counsel to be delivered in connection with pricing (Exhibit B1);
- (D) Bringdown Opinion of Counsel to be delivered in connection with closing (Exhibit B2);
- (E) Certificate of the Clerk of your Local Agency (Exhibit C1);
- (F) Seller Certificate (Exhibit C2);
- (G) Bill of Sale and Bringdown Certificate (Exhibit C3);
- (H) Irrevocable Instructions to Controller (Exhibit D);and
- (I) Escrow Instruction Letter (Exhibit E).

Please note that these documents are in final form and may not be changed. If you have questions or believe changes are required, please immediately contact one of the team members from Orrick, Herrington & Sutcliffe LLP, Transaction Counsel ("Transaction Counsel") listed at the end of this letter.

1. Instructions for Adoption of Resolution

Please take the following steps with respect to the enclosed resolution:

- (A) Adopt the Proposition 1A Resolution to participate in the Proposition 1A Receivable Financing Program.

Agenda Language: The following language should be used for the agenda of the meeting at which the Proposition 1A Resolution will be adopted:

"A RESOLUTION APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AND SALE AGREEMENT AND RELATED

DOCUMENTS WITH RESPECT TO THE SALE OF THE SELLER'S
PROPOSITION 1A RECEIVABLE FROM THE STATE; AND
DIRECTING AND AUTHORIZING CERTAIN OTHER ACTIONS IN
CONNECTION THEREWITH."

Sample Staff Report: A sample Staff Report is included in this distribution for your reference.

Adoption Deadline: *The Proposition 1A Resolution must be adopted and delivered back to Transaction Counsel as provided below no later than November 6, 2009, in order to participate in the financing.*

Fill in blanks and sign: The Clerk should print the Proposition 1A Resolution, fill in the resolution number on page 1, and fill in the adoption date and the governing board voting information on page 4. Your legal counsel should approve the form by signing each copy of the Proposition 1A Resolution on page 5.

2. **Instructions for Execution of Documents**

Please take the following steps with respect to the attached documents:

(A) **Sign the Sale Agreement.**

Please arrange for an authorized officer to sign the Sale Agreement. *Once your local agency has adopted the Proposition 1A Resolution, has signed the Sale Agreement, and has delivered the documents to Transaction Counsel, your local agency's obligations under the Sale Agreement are binding and are irrevocable.*

(B) **Have legal counsel sign the legal opinions (Exhibit B1 and Exhibit B2 to Sale Agreement).**

Please arrange for legal counsel to sign the legal opinion attached as Exhibit B1 of the Sale Agreement and the bringdown opinion attached as Exhibit B2 of the Sale Agreement. Your legal counsel should circle the appropriate description in each of the bracketed portions of the opinion. Such legal counsel may be the Town Attorney, City Attorney, County Counsel, District Counsel, or such other local agency counsel as appropriate. There is no requirement that the legal opinion or bringdown opinion be placed on the letterhead of such legal counsel.

(C) **Sign Clerk's Certificate (Exhibit C1 to Sale Agreement).**

Please arrange for the clerk of the governing body of your local agency (i) to manually write on the signature page of the Certificate attached as Exhibit C1 to the Sale Agreement in the appropriate places the resolution number, the adoption date and the governing board voting information, and (ii) to sign the Certificate.

(D) Sign Seller Certificate (Exhibit C2 to Sale Agreement).

Please arrange for the Seller Certificate attached as Exhibit C2 to the Sale Agreement to be signed by (i) the authorized officers of your local agency, and (ii) the clerk of the governing body of your local agency.

(E) Sign Bill of Sale and Bringdown Certificate (Exhibit C3 to the Sale Agreement).

Please arrange for an authorized officer to sign the Bill of Sale and Bringdown Certificate (Exhibit C3 to the Sale Agreement). The Bill of Sale and Bringdown Certificate will be dated the Closing Date, as defined therein. See 4. Conclusion of Transaction below.

(G) Sign Irrevocable Instructions to Controller (Exhibit D to Sale Agreement).

Please arrange for an authorized officer to sign the Irrevocable Instructions to Controller attached as Exhibit D to the Sale Agreement.

(F) Sign Escrow Instruction Letter (Exhibit E to the Sale Agreement).

Please arrange for an authorized officer to (i) manually write on the 1st page of the Escrow Instruction Letter the date of the Escrow Instruction Letter and (ii) sign the Escrow Instruction Letter attached as Exhibit E to the Sale Agreement.

3. Provide Payment Instructions to Trustee

Local agencies have the option of receiving payment of the Purchase Price by wire or by check. If your local agency prefers payment by check, you do not need to do anything further. Checks will be mailed by the Wells Fargo Bank, National Association (the "Trustee") on January 15, 2010, and May 3, 2010, to the Principal Place of Business of the Local Agency as provided in the Purchase and Sale Agreement. If your local agency would prefer to be paid by wire transfer, you must contact the Trustee by e-mail to Bridgett Moreland, Bridgett.moreland@wellsfargo.com, or to Georgina Estrada, georgina.estrada@wellsfargo.com, or by facsimile to (213) 614-3355. Provide the local agency's wiring instructions in the following format:

Institution Name
ABA#
Account#
Attention: (e.g. Finance Department of City, County
Treasurer)

If the wire instructions provided are invalid, the Trustee will make payment by check as discussed above.

4. Return Executed Documents and Resolution to Transaction Counsel

As mentioned above, the Proposition 1A Resolution must be adopted no later than November 6, 2009, in order to participate in the Proposition 1A Receivable Financing Program. As soon as possible

after adoption of the Proposition 1A Resolution, and in any event no later than November 6, 2009, all originally executed copies of the documents and resolution described above need to be returned by mail, fax or pdf to:

Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, California 94105

or

(304) 231-2696 (fax)

or

Prop1a@orrick.com

Attention: Dulcie Cattrell
Re: CSCDA Proposition 1A Securitization

5. Conclusion of Transaction

After Transaction Counsel receives the executed documents described above, CSCDA and its investment bankers will price the Bonds on or about November 10, 2009. At that time, CSCDA will inform you that it will pay the Purchase Price in the manner described in the Sale Agreement and will inform you of the Closing Date.

Should any event occur between the time the documents are delivered to Transaction Counsel and the Closing Date which makes the opinions or certifications contained in the bringdown opinion or certificate (Exhibits B2 and C3) untrue as of the Closing Date, you must immediately inform Transaction Counsel. These documents will be released by Transaction Counsel on the Closing Date absent any such notification.

6. Contacts for Further Information

If you have any questions regarding this letter, the instructions contained herein, or the documents enclosed herewith, please call (916) 329-4915.

Very Truly Yours,

John H. Knox

John H. Knox