

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**  
**July 7, 2011**

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

Next Resolution Number: 2011-06

**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 June 16, 2011
  - B. Warrant List Dated July 1, 2011 for \$193,806.37
  - C. Consider approval of CSDA By-laws Amendments
- 6. BUSINESS**
  - A. Receive a report from Fieldman Rolapp & Associates, the Districts' financial advisor, concerning bond refinancing associated with the acquisition of the City of Big Bear Lake, Department of Water & Power
  - B. Consider authorizing underwriting services for bond sale associated with acquisition of the City of Big Bear Lake, Department of Water & Power

**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 TO CLOSED SESSION**

**11. CLOSED SESSION**

Conference with Legal Counsel:

Potential litigation: BBMWD vs. City of Big Bear Lake DWP (eminent domain)

Potential litigation: Conroy vs. BBMWD

**NEXT MEETING:** Open Session at 1:00 P.M.  
Thursday, July 21, 2011  
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, JUNE 16, 2011***

**CALL TO ORDER**

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

**REPORTS**

General Manager, Scott Heule reported that he had brief conversations with TMDL Task Force representatives from the USFS, Mountain Resorts, Caltrans, and the engineering consultant at Brown and Caldwell recently. He explained that the named dischargers have been put on notice by the Regional Water Quality Control Board (RWQCB) that they need to "identify a specific plan and schedule that the responsible parties are committed to implement to address TMDL requirements." He added that this is in reference to taking action on the April 14, 2010 Plan and Schedule for In-Lake Nutrient Reduction. Mr. Heule commented that the USFS cannot write any checks to pay for other's work and they cannot do any work outside the forest boundary. He reported that Caltrans does not have much money to spend on the effort. He added that the ski resorts are not in a position to lead on these efforts but have contributed money annually to the efforts of the TMDL task force. He stated that the County and the City both claim an inability to physically do any work or spend any money on projects outside their jurisdictional boundaries. Mr. Heule reported that there was a meeting yesterday to discuss the RWQCB requirements. He commented that the District was not notified or invited. He mentioned that the FY 2011-12 proposed budget includes \$83,000 to use for preliminary design or planning for a nutrient reduction project in the Lake. He also commented that the District purchased the Trout Pond and that the District would likely welcome collaboration with the dischargers regarding its use and management as a sediment basin. Mr. Heule reported that John Tuttle hiked down to Station A in Bear Creek. He explained that we all had been concerned that the high runoff from the winter storms and flood control releases might damage or wash away our monitoring station. He reported that the basic structure appears to remain in place but our monitoring equipment probably resides behind Seven Oaks Dam now. He added that the weir is no longer functional because of the accumulation of rocks and boulders on the downstream side. He commented that the pond on the upstream side however is still clear. He explained that it might be possible to clear out some of the debris to return the weir to operating condition, but a new stilling well and equipment enclosure will need to be constructed. He stated that further investigation at the site is necessary to evaluate what, if any, of it can be reconstructed. He added that the Facilities Committee will be discussing this matter. Mr. Heule reported that he sent the ACOE a letter saying we want the study to be suspended. He commented that there is a work-in-kind audit going on explaining that our project manager Raina Fulton and planner Kathy Bergmann are piecing together the needed information. He added that as part of wrapping up this Draft F4 report, and allow them to spend the \$250,000 allocated to our study, we needed to approve and increase in the project budget from \$8,628,000 to \$9,127,000. He explained that means our work-in-kind obligation increases from \$4,314,000 to \$4,563,000. He reported that the

discussion with both Ms. Fulton and Ms. Bergmann, and their meetings with David Van Dorp, indicate that we will not have a problem justifying our matching obligation. He added that he needs to submit our Carp removal demonstration project and also the flow records for Rathbun Creek.

Lake Manager, Mike Stephenson reported that the lake level shows 2.5" down from full and dropping quickly adding that evaporation is starting to take over. He added that there has been no measurable precipitation lately, however some of the tributaries have started to flow again adding that he can't explain it. He reported on the latest weed treatments explaining that 147.725 acres have been completed so far adding that nearly the entire south shore has been treated. He stated that boat counts are down by about 30% explaining that revenue from boat permit sales is down about the same. He reported on a minor incident Tuesday evening when a drunken girl dived off some rocks and hit her head and was transported to Loma Linda Hospital. Director Smith asked which rocks. Mr. Stephenson explained that it was at Garstin (China) Island. He reported that staff has begun a weed census (mapping the weed areas) and then will get right back into treating the various areas. Director Fashempour commented that she has had reports of residents taking some of the Eurasian Milfoil that has washed up on Stanfield Cutoff and then planting it in their yards. She explained that they believe it makes a huge difference in helping their gardens to grow. Mr. Stephenson explained that the treated Milfoil could kill broad leaf plants and the City has a mulch program that might work better for them.

#### **APPROVAL OF CONSENT CALENDAR**

Upon a motion by Director Eminger, seconded by Director Smith, with Director Murphy abstaining from the vote, the following consent items were unanimously approved:

- Minutes of a Regular Meeting of June 2, 2011
- Minutes of a Special Meeting Workshop of June 9, 2011
- Warrant List Dated June 13, 2011 for \$84,002.28
- Approval of a Resolution of the Board of Directors of Big Bear Municipal Water District establishing employee compensation and repealing Resolution No. 2010-04
- Approval of Trout Pond clean up

#### **ADMINISTRATIVE HEARING: CRISANN CONROY APPEAL OF THE JUNE 2, 2010 BOAT DOCK LICENSE DENIAL FOR APN 0306-061-63**

Mr. Heule explained the purpose of the hearing stating that he will turn it over to District Counsel Wayne Lemieux who will provide additional background and recommend procedures to assist the Board to address the appeal. Mr. Lemieux explained that this administrative hearing will review and consider an appeal of the denial by the District of a boat dock license. He provided background on the hearing process explaining due process in which they may only consider evidence presented to them. He added that he is here today to give legal advice to the Board of Directors should questions arise on how to implement evidence, not to help them make a decision. He introduced Mr. Jeff Dains who represents Crisann Conroy and Ms. Christine Carson who represents the District. He advised that the Directors will have many documents to review and will not be in a position to make a decision today. Director Fashempour asked if they have questions after reviewing the documents, should they call Mr. Lemieux. Mr. Lemieux stated that if it is a legal question they should call him adding that most of the questions they would have after reviewing the materials would probably be surveying and easement questions and that should not be addressed to him.

Mr. Dains thanked Mr. Lemieux and the Board. President Suhay asked him to please speak into the microphone. Mr. Dains then presented information explaining that there seems to be confusion over what documents were to be presented today adding that some of those documents are therefore not here. He listed the missing documents (surveys, maps, easements, and letters) adding that he will get them together and have them all delivered the first of next week. He went over deeds and parcels explaining that he hopes to narrow down and clarify some of the issues and discrepancies including lot line adjustments and APN numbers. He discussed deeds back as far as 1909 commenting that he believes the deed language allows Ms. Conroy up to 3 boat slips. He explained that he has reviewed the District's definitions and regulations on docks and easements reporting that the District has some latitude on this subject however there is a doctrine called pre-emption explaining that the District's regulations can't conflict with California State law. He explained that "if there is a conflict then the District's opinion and regulations are pre-empted". Mr. Dains discussed the California Civil Code regarding easements and dominant tenement estates (landowner) and servient tenement estates (lake).

He added that when a property is split into 2 properties, all of the easements are transferred to the split properties and both properties have rights explaining that "the split doesn't terminate the rights of either of the properties and both properties then become dominant tenements". He stated that with the split, Ms. Conroy is entitled to 3 slips. He then discussed what "overburdening the easement" means. He explained that 3 slips for each property could potentially "burden the easement" but allowing one slip on Ms. Conroy's property would not overburden the easement. He stated that he believes he and Mr. Lemieux had nearly agreed to this but when it came down to compensation, negotiations broke down. He cited several civil codes and reported that he believes the agreement in 1909 stated that the parcel has dock rights. Mr. Dains again stated that if MWD regulations conflict, it is superseded by the State Code. He added that the property was transferred in-kind to the new tenant and no new easement was created explaining that "it is an existing easement from 1909". He added that one of the arguments is that "the new parcel is non-contiguous with the lake" adding that "that alone cannot defeat the easement rights that already exist". He reported that he personally saw a parcel for sale in Boulder Bay that was across the highway from the lake and advertised "17,000 sq feet including dock rights". He commented that District rules and regulations do not seem to show equal enforcement (they are inconsistent). He said he also noticed inconsistencies in the Shelter Landing area. He stated that this doesn't seem necessary since they have the deeds and Ms. Conroy is only asking for what she is entitled to. He stated that he knows there is some history here adding that Ms. Conroy is a single woman who is only trying to make a living. He explained that she is only asking for one boat slip and has complained "at least to him" of harassment. He asked that there be some recordable instrument of dock rights, "which you can do under state law" so this issue never comes up again. He stated that "the issue at this point is compensation" explaining that Ms. Conroy is entitled by law to compensation. He added that she has lost sales on her house due to District actions and is only asking for 1 boat slip and \$50,000 compensation in some recordable form and "then this issue will be done-with". He thanked the Board for their time. Director Eminger complimented Mr. Dains on his presentation. Director Murphy asked why Ms. Conroy did not try to get a flag-lot from the City. Mr. Dains stated that he did not know explaining that the easement has now been defined to access the lake adding that it defined the 1909 easement to the property.

Christine Carson, representing the District, stated that denial of the dock license was proper. She stated that she objects to several attorney letters that were based on hearsay and not facts. She added that if Mr. Dains is going to submit additional materials, then she would like to also

submit additional facts. She explained that she objects to some of the letters/materials Mr. Dains presented that were not authenticated or stamped by a recorder, a surveyor, or an assessor. She explained that she made copies of all her exhibits for the Board if they want to view them. She discussed the definition of easements. She explained that Ms. Conroy "severed her parcel from the lake" and the damages she is claiming are not valid. She discussed the value of the property at the time the parcel was severed explaining that the value at that time is different than the fair market value at the purchase time. She stated that Ms. Conroy knew she would not have lake front property rights if she split her property. She explained physical taking versus regulatory taking of land. She explained that the standard for regulatory taking is different from physically taking the person claiming regulatory taking they have to show the lost full use of the land and you have to look at the entire bundle (land and easement). She reported that the fact that Ms. Conroy can't sell her property for what she wants is not a taking of her property and is not viable. She cited several similar cases where a claimant did not recover damages. She stated that Ms. Conroy is asking for the right to add a dock and therefore is expanding the scope of the easement. She reported that the other properties being cited as examples are not similarly exhibited explaining that a highway was built after the easement of 1909. She reported that the 1909 easement doesn't say anyone can build a dock. She stated that the District has the right by Resolution to control safety on the Lake and control the placement of any dock. Mr. Lemieux interrupted stating that the attorneys need to return to facts and not just present legal arguments. He explained that the Directors need to consider facts. Ms. Carson discussed the 1927 Fisher deed stating that Fisher didn't have the right to convey what he did not own explaining that Fisher was granted the right to passage and he subdivided lots but he had no right to convey (to give away) a right-of-way and did not have boating rights. She explained that the Fisher deeds had a right-of-way to lay a water pipe but not the right to convey a right-of-way. Ms. Carson reported that when Ms. Conroy severed her own parcel she caused this current problem and the new lakefront owner has the right to a slip, not Ms. Conroy. She stated that Ms. Conroy should have known the rules when she sub-divided but when she asked for a dock the District denied her a dock license. Director Murphy commented that he remembered that her deed or easement talked about lake use but not dock use. Ms. Carson replied that since the District had language in 1981 about dock use and she bought the property in 2000 and split it in 2005 that is the reason to deny her dock rights and also negates her claim that it is unconstitutional. President Suhay asked if the District would have the right to compensation if this case goes to appeal and the District wins. Mr. Lemieux stated that "it only goes one way".

Mr. Dains explained that there is nothing in their claim that states that the Board does not have the right to control and police safety on the lake and maintain control of the placement and construction of docks, but for purposes here it is not relevant. He discussed and objected to many of the cases cited by Ms. Carson. He stated that they are mainly objecting to the District not allowing Ms. Conroy to "use the lake". Ms. Carson stated that the District has not terminated Ms. Conroy's right to use the lake, just her dock rights.

Director Murphy asked if the new lakefront homeowner might object if Ms. Conroy places a dock in his front yard (could be a blight on his property). Ms. Carson stated that the lakefront homeowner might object along with the fact that it is against District regulations. Mr. Dains stated that Ms. Conroy and the new owner might have an understanding regarding this.

## RECESS

President Suhay called a short recess at 2:35 PM

## **RECONVENE TO OPEN SESSION**

The meeting reconvened at 2:40 PM

### **CONSIDER APPROVAL OF A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT TRANSFERRING FUNDS UNAPPROPRIATED AS OF JUNE 30, 2011 TO THE DISTRICT'S CONTINGENCY RESERVE ACCOUNT, AFFIRMING INVESTMENT POLICY, APPROVING THE DISTRICT'S BUDGET AND ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR COMMENCING JULY 1, 2011**

Mr. Heule reported that at the June 2<sup>nd</sup> Board meeting a discussion was held to obtain comments regarding the upcoming fiscal year budget. He explained that no changes were suggested at that time. He explained that the appropriations limit has been calculated and posted in accordance with required procedures and once approval is given, the budget will be forwarded to the County of San Bernardino for filing. Mr. Heule reported that since that meeting, two changes have been recommended. He reported that on page 4 of the Draft Budget, General Fund Revenue, under Operating, Dock License Fees, the Projected Revenue is changing from \$90,000 \$97,000. He added that on page 13, Lake Improvement Fund, Herbicide Projected, is changing from \$140,000 to \$240,000. He commented on page 5, Administration, Services and Supplies, LAFCO Fee, stating that it might come in lower than projected explaining that he has no estimate at this time on how much of a reduction that might be. He reported that the Budget & Finance Committee recommends approval of the budget with the two changes noted.

Director Murphy moved approval of a Resolution of the Board of Directors transferring funds unappropriated as of June 30, 2011 to the District's Contingency Reserve Account, affirming Investment Policy, approving the District's Budget with the two changes noted, and establishing the appropriations limit for the Fiscal Year commencing July 1, 2011. Director Smith seconded the motion and it was unanimously approved.

### **CONSIDER APPROVAL OF EXPENDING \$100,000 ADDITIONAL FOR THE PURCHASE OF HERBICIDE FOR MILFOIL TREATMENT**

Mr. Heule reported that after performing our initial Milfoil inspections, it is apparent that last year's treatments were ineffective and the Milfoil beds have doubled in size. He explained that the beds have grown outward toward deeper water as well as crept towards the shoreline. He added that the plant density is about the same at first glance but it is early in the season and hard to tell, however the entire bottom turned up full rake tosses. He commented that the surveys were conducted by navigating to the beds that were mapped last year and throwing a rake and counting the stems and then moving outward to find the outside of the weed bed. He explained that we continue this until the rake is clean or only desirable species are present on the rake and then we add this data to last year's map and show the growth of the weed bed from year to year. Mr. Heule reported that this method shows us our success or lack of success as compared to last season. He explained that the results of our surveys show that we have lost some serious ground and need to react quickly to regain our edge on Milfoil control adding that "the hurdles are obvious". He mentioned that the lake has filled up by about 5 feet and the plant beds have doubled in size. He reported that water clarity is great. He explained that these things are all part of the equation that makes this an exceptionally difficult season to combat Milfoil. Mr. Heule stated that the District diverted \$140k to the invasive species fund and we have about \$80k of dock weed fee fund. He added that the first load of herbicide was \$138k for 36k lbs of Renovate

OTF explaining that at the high rate of application we have treated 72.5 acres and used 28160 lbs of herbicide. He reported that the calculation is \$1,328 an acre and estimating 300 acres of Milfoil for the season it would take about \$400k and with the \$240k we have to spend this year we are about \$160k short. He reported however that Lake Manager Mike Stephenson has negotiated a 40% discount on the herbicide purchased this season to compensate for the problems we had last year. He explained that the 40% discount is only for the amount of Max G we used last year and this discount equates to about \$60k. He commented that the invasive species fund is about \$100k short if we elect to treat the entire lake for Milfoil. Mr. Heule explained that one thing that reduced the amount of funds needed is that we are a part of a new herbicide trial reporting that this herbicide Clipper has been used on Milfoil in other states with great success adding that the two proposed sites for the Clipper trials are east of Eagle and Grout Bay and both sites are approximately 40 acre. Mr. Stephenson reported that the Renovate treatments have been effective so far. He explained that they have treated almost all of south shore and have all of north shore left to treat. He explained that with this new dollar amount, they will be able to treat the entire lake. He reported on the experimental Clipper program explaining that it has had very good reviews but if, for some reason, it doesn't work they have a back-up treatment plan. Director Murphy asked when they planned to treat Grout Bay. Mr. Stephenson reported that they prefer to see if the Clipper works in Grout Bay, but if there is a problem with that treatment, they will probably treat it later next week with Renovate. Director Murphy asked how long until that treatment should show results. Mr. Stephenson reported that the Clipper treatment should show results in 3 days and if they do it themselves with Renovate, it should show results within 3 weeks. He reported that he will notify Director Murphy when Grout Bay will be treated.

Director Smith moved approval of expending \$100,000 additional for the purchase of herbicide for Milfoil treatment. Director Eminger seconded the motion and it was unanimously approved.

#### **CONSIDER REVIEW SCHEDULE OF CALTRANS HIGHWAY BRIDGE DEMOLITION PLAN DSOD APPLICATION**

Mr. Heule reported that based on direction from the Facilities Committee (Directors Smith & Fashempour) and consensus of the Board of Directors, Staff has advised Caltrans that the final old highway bridge demolition plan would be reviewed by the District engineer and then forwarded to DSOD for approval when a seepage remediation grouting plan was also received by the District. He explained that DSOD has said that once they have an application, fees, CEQA documentation, and engineer stamped plans for the bridge demolition the quickest they can approve the submitted plans would be 10 days. He added that all necessary submittals except the grouting plan required by the District were delivered to the District on Thursday June 9, 2011. He stated that in the transmittal letter accompanying the bridge demolition plans Caltrans said "BBMWD is reminded of the 10 day review time by the DSOD, and any additional cost from the contractor associated with exceeding the review time will be sent to the BBMWD in accordance with 8-1.09, Right of Way Delay of the Standard Specifications." He explained that in a follow-up telephone conversation with the letter signatory, Scott Gueltzow, he reminded Mr. Gueltzow that the conditions for District submittal of the bridge demolition plans have been clearly spelled out to Caltrans in several communications over the past several months. He also reminded him that Caltrans has had a year and one half to develop a grouting plan. Mr. Gueltzow said that the plan was just signed but Caltrans was waiting to secure a contractor and cost estimate to include in the application. Mr. Heule advised that he needed to get the plan to the District before the



bridge demolition plan would be forwarded for review by DSOD, or alternatively the Board would need to authorize him to submit the demolition plan without receipt of the grouting plan. Mr. Heule explained that late Monday afternoon the grouting plan was received from Caltrans and has been forwarded to DSOD adding that this is now an information only item and no action is required.

**CONSIDER AUTHORIZING COUNSEL TO BEGIN DRAFTING PAPERWORK TO FILE EMINENT DOMAIN ACTION PAPERWORK AGAINST THE CITY OF BIG BEAR LAKE, DEPARTMENT OF WATER & POWER**

Mr. Heule reported that in order to move the acquisition of the DWP process forward the Board has taken several actions including securing the services of bond counsel and a financial advisor. He added that DWP staff has been asked to compile inventories of their facilities, equipment, infrastructure and preliminary title report for real property and easements. He reported that Mr. Lemieux met with DWP earlier today. He explained that the mechanism that will be used to actually complete the acquisition will be an eminent domain action against the City of Big Bear Lake, Department of Water and Power. He commented that District Counsel is ready to begin working on that effort and recommends that formal action be taken to direct him to begin preparing paperwork for this effort. President Suhay stated that he was under the impression that this would not cost the District money. Mr. Lemieux commented that there are some costs involved but he needs approval to even begin the process explaining that this is more appropriate to be discussed in closed session.

Director Fashempour moved approval authorizing Counsel to begin drafting paperwork to file Eminent Domain Action paperwork against the City of Big Bear Lake, Department of Water & Power. Director Eminger seconded the motion and it was unanimously approved.

**PUBLIC FORUM**

No comments were made

**ANNOUNCEMENTS**

Mr. Heule announced that he will be making a presentation to the Sierra Club this evening explaining that the topics will include historic lake levels, the in-lieu agreement, fish releases, Milfoil treatment, and briefly the DWP acquisition.

**DIRECTOR COMMENTS**

Director Murphy commented that it is nice to be back from vacation. Director Fashempour added that it is nice to have Director Murphy back.

**ADJOURNMENT TO CLOSED SESSION**

The meeting was adjourned to Closed Session at 2:58 P.M to:  
Conference with Legal Counsel

Potential Litigation – BBMWD vs. City of Big Bear Lake

**RECONVENE TO OPEN SESSION**

The meeting was reconvened to Open Session at 3:36 P.M.  
No reportable action.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 3:37 P.M.

**NEXT MEETING**

Open Session at 1:00 P.M.  
Thursday, July 7, 2011  
Big Bear Municipal Water District  
40524 Lakeview Drive, Big Bear Lake, CA

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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, 06/13/11 to 07/01/11  
 Account 10010-00-001, Sessions 000000 to 002332**

**Active Sessions (Not Included in Report)  
 002197, 002313**

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
<b>Checking Account: 10010-00-001</b>							
149373	ALLPRO / All Protection Alarm Co.	06/24/11	2	161534	002324	FACILMAINT	37.00
149373		06/24/11	2	161747	002324	WESTMAINT	81.00
149373		06/24/11	2	161864	002324	FACILMAINT	33.00
149373		06/24/11	2	162038	002324	FACILMAINT	175.00
<b>ALLPRO Subtotal :</b>							<b>326.00</b>
149374	BBLRA / Big Bear Lake Resort Association	06/24/11	2	06152011	002324	SPEVNTDEPO	500.00
<b>BBLRA Subtotal :</b>							<b>500.00</b>
149375	BMARIN / Big Bear Marina	06/24/11	2	10311138	002324	PETRO-BOAT	1547.16
149375		06/24/11	2	10311139	002324	PETRO-BOAT	1552.32
<b>BMARIN Subtotal :</b>							<b>3099.48</b>
149376	BUTCHR / Butcher's Block & Building Materi	06/24/11	2	72072	002324	RVMAINT	10.70
149376		06/24/11	2	72122	002324	HARVESTER	7.60
149376		06/24/11	2	72127	002324	SHOPMAINT	11.71
<b>BUTCHR Subtotal :</b>							<b>30.01</b>
149377	BVHOSP / Bear Valley Community Hospital	06/24/11	2	06403272	002324	PHYSICALS	141.00
<b>BVHOSP Subtotal :</b>							<b>141.00</b>
149378	CASH / Victoria Moore /Petty Cash	06/24/11	2	06222011	002324	PETTYCASH	182.47
<b>CASH Subtotal :</b>							<b>182.47</b>
149379	CHAMBE / CHAMBERMAIDS	06/24/11	2	06202011	002324	BRDRMDEPOS	55.00
<b>CHAMBE Subtotal :</b>							<b>55.00</b>
149380	CHARTE / CHARTER COMMUNICATIONS	06/24/11	2	06162011	002324	PHONE-DSL	274.99
<b>CHARTE Subtotal :</b>							<b>274.99</b>
149381	COMPVI / Computer Village	06/24/11	2	121919	002324	COMPCONSLT	750.00
<b>COMPVI Subtotal :</b>							<b>750.00</b>
149382	COMSER / ComSerCo	06/24/11	2	05040352	002324	RADIOMOBIL	160.00
<b>COMSER Subtotal :</b>							<b>160.00</b>
149383	CRITTE / MARK CRITTENDON	06/24/11	2	06102011	002324	PERMIT	100.00
<b>CRITTE Subtotal :</b>							<b>100.00</b>
149384	DIVERS / Diversified Products,	06/24/11	2	11690850	002324	PATROLMAIN	303.94

**Big Bear Municipal Water District  
 Computer & Manual Check Register  
 Current and History Files, 06/13/11 to 07/01/11  
 Account 10010-00-001, Sessions 000000 to 002332**

**Active Sessions (Not Included in Report)  
 002197, 002313**

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
	Inc.						
						<b>DIVERS Subtotal :</b>	303.94
149385	DRAWIN / The Drawing Board, Inc.	06/24/11	2	6414151E	002324	PRINTING	305.28
						<b>DRAWIN Subtotal :</b>	305.28
149386	HAVASU / HAVASU EMBROIDERY INC	06/24/11	2	14950	002324	CARPROUNDU	1572.97
						<b>HAVASU Subtotal :</b>	1572.97
149387	HSBC / HSBC Business Solutions	06/24/11	2	24095689	002324	QUAGGA	68.49
						<b>HSBC Subtotal :</b>	68.49
149388	JOHNSO / JOHNSON POWER SYSTEMS	06/24/11	2	SW03010529	002324	AUTOMAINT	366.48
						<b>JOHNSO Subtotal :</b>	366.48
149389	KENDAL / Kendall/Adams Group, Inc.	06/24/11	2	K3004	002324	CONTAMINAT	5022.00
						<b>KENDAL Subtotal :</b>	5022.00
149390	LBSAF / Lab Safety Supply, Inc.	06/24/11	2	1017436109	002324	OSHAEQUIP	100.51
149390		06/24/11	2	1017493786	002324	JANITSUPPL	103.62
						<b>LBSAF Subtotal :</b>	204.13
149391	MACEK / ANDREW MACEK	06/24/11	2	4653	002324	PERMITREF	90.00
						<b>MACEK Subtotal :</b>	90.00
149392	MCMSTR / McMaster-Carr Supply Co.	06/24/11	2	87594641	002324	PATROL	291.11
						<b>MCMSTR Subtotal :</b>	291.11
149393	MCOYBR / Mountain Water Company	06/24/11	2	19508	002324	UTIL-RAMPS	106.00
149393		06/24/11	2	19527	002324	UTIL-RAMPS	106.00
						<b>MCOYBR Subtotal :</b>	212.00
149394	MHP / MARINE HARVESTER PARTS & SUPPLY	06/24/11	2	MH2014	002324	HARVESTER	52.91
						<b>MHP Subtotal :</b>	52.91
149395	MWH / MWH America, Inc.	06/24/11	2	1398138	002324	DAMGENENG	1831.13
149395		06/24/11	2	1402490	002324	DAMGENENG	2157.31
						<b>MWH Subtotal :</b>	3988.44

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Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
149396	NAPA / McConnell Motor Parts Inc.	06/24/11	2	29984	002324	HARVESTER	22.51
149396		06/24/11	2	30350	002324	PATROL	7.48
149396		06/24/11	2	31217	002324	PATROL	145.90
149396		06/24/11	2	31320	002324	ONROAD	536.64
149396		06/24/11	2	31474	002324	HARVESTER	115.93
149396		06/24/11	2	32409	002324	ONROAD	66.43
149396		06/24/11	2	32575	002324	PATROL	39.41
						<b>NAPA Subtotal :</b>	<b>934.30</b>
149397	ORION / Orion Radiology	06/24/11	2	6398467-1	002324	PHYSICALS	34.00
						<b>ORION Subtotal :</b>	<b>34.00</b>
149398	PERS / Public Employees' Retirement Syst	06/24/11	2	0620114	002324	PERS	4376.16
						<b>PERS Subtotal :</b>	<b>4376.16</b>
149399	PITNY / PITNEY BOWES (RENTAL)	06/24/11	2	JN11	002324	POSTAGE	121.00
						<b>PITNY Subtotal :</b>	<b>121.00</b>
149400	QUILL / Quill Corporation	06/24/11	2	4709470	002324	OFFICESUPP	56.07
149400		06/24/11	2	4735160	002324	OFFICSUPPL	224.49
						<b>QUILL Subtotal :</b>	<b>280.56</b>
149401	RDIOSH / RadioShack	06/24/11	2	020274	002324	COMPMAINT	43.49
149401		06/24/11	2	031373	002324	RVMAINT	13.03
						<b>RDIOSH Subtotal :</b>	<b>56.52</b>
149402	RIVARC / Riverside Archery	06/24/11	2	PO15071	002324	CARPROUNDU	2711.39
						<b>RIVARC Subtotal :</b>	<b>2711.39</b>
149403	SAYWIT / BARRY SAYWITZ	06/24/11	2	3711	002324	PERMIT	90.00
						<b>SAYWIT Subtotal :</b>	<b>90.00</b>
149404	SOTO / LED SOTO	06/24/11	2	13203	002324	PERMIT	75.00
						<b>SOTO Subtotal :</b>	<b>75.00</b>
149405	SQUEEG / Squeegee Clean Window Service	06/24/11	2	06162011	002324	FACILMAINT	50.00
						<b>SQUEEG Subtotal :</b>	<b>50.00</b>
149406	SWSTGS / Southwest Gas Corp	06/24/11	2	06162011A	002324	UTIL-RV	34.88
149406		06/24/11	2	06162011B	002324	UTIL-MAIN	67.86
						<b>SWSTGS Subtotal :</b>	<b>102.74</b>

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149407	TUTTLE / John Tuttle	06/24/11	2	06072011	002324	PHONE-CELL	50.00
						<b>TUTTLE Subtotal :</b>	<b>50.00</b>
149408	UPS / UPS	06/24/11	2	F33Y11251	002324	SHIPPING	569.61
						<b>UPS Subtotal :</b>	<b>569.61</b>
149409	VALERO / Valero Marketing and Supply Co.	06/24/11	2	06212011	002324	PETRO-AUTO	1559.22
						<b>VALERO Subtotal :</b>	<b>1559.22</b>
149410	VERIZO / Verizon California	06/24/11	2	06132011	002324	PHONE-MAIN	47.19
						<b>VERIZO Subtotal :</b>	<b>47.19</b>
149411	VERWIR / VERIZON WIRELESS	06/24/11	2	984598525	002324	PHONE-CELL	334.61
						<b>VERWIR Subtotal :</b>	<b>334.61</b>
149412	WASTE / Solid Waste Management	06/24/11	2	004833	002324	FACILMAINT	172.53
						<b>WASTE Subtotal :</b>	<b>172.53</b>
149413	WEBER / JAMES WEBER	06/24/11	2	07062011	002324	PHONE-CELL	50.00
						<b>WEBER Subtotal :</b>	<b>50.00</b>
149414	ZARC / ZARC INTERNATIONAL, INC.	06/24/11	2	SI-45906	002324	OSHA-EQUIP	93.32
						<b>ZARC Subtotal :</b>	<b>93.32</b>
149415	DUYSIN / JASON DUYSINGS	06/26/11	M	062611	002326	PRIZE	500.00
						<b>DUYSIN Subtotal :</b>	<b>500.00</b>
149416	SCOTT / TRAVIS SCOTT	06/26/11	M	06262011	002326	PRIZE	500.00
						<b>SCOTT Subtotal :</b>	<b>500.00</b>
149417	ASHBAU / Jake Ashbaugh	06/26/11	M	06262011	002326	PRIZE	250.00
						<b>ASHBAU Subtotal :</b>	<b>250.00</b>
149418	RONEY / Darick Roney	06/26/11	M	06262011	002326	PRIZE	250.00
						<b>RONEY Subtotal :</b>	<b>250.00</b>
149419	LINDEM / STEVE LINDEMANN	06/26/11	M	06262011	002326	PRIZE	150.00
						<b>LINDEM Subtotal :</b>	<b>150.00</b>
149420	MORTON / DEREK MORTON	06/26/11	M	06262011	002326	PRIZE	150.00
						<b>MORTON Subtotal :</b>	<b>150.00</b>
149421	RIDGE / Jimmy Ridge	06/26/11	M	06262011	002326	PRIZE	500.00
						<b>RIDGE Subtotal :</b>	<b>500.00</b>

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149422	DARNSC / Scott Darnell	06/26/11	M	06262011	002326 PRIZE	500.00
DARNSC Subtotal :						500.00
149423	LINNE / DEAN LINNE	06/26/11	M	06262011	002326 PRIZE	250.00
LINNE Subtotal :						250.00
149424	OWENSD / Dell Owens	06/26/11	M	06262011	002326 PRIZE	250.00
OWENSD Subtotal :						250.00
149425	FOOTE / Bryan Foote	06/26/11	M	06262011	002326 PRIZE	150.00
FOOTE Subtotal :						150.00
149426	TAGLIO / SCOTT TAGLIONE	06/26/11	M	06262011	002326 PRIZE	150.00
TAGLIO Subtotal :						150.00
149427	RIDGE / Jimmy Ridge	06/26/11	M	062611SAT	002326 PRIZE	200.00
RIDGE Subtotal :						200.00
149428	LINNE / DEAN LINNE	06/26/11	M	062611SUN	002326 PRIZE	200.00
LINNE Subtotal :						200.00
149429	ASHBAU / Jake Ashbaugh	06/26/11	M	062611SAT	002326 PRIZE	100.00
ASHBAU Subtotal :						100.00
149430	MACHAD / STEVE MACHADO	06/26/11	M	06262011	002326 PRIZE	100.00
MACHAD Subtotal :						100.00
149431	YOUNG / ERIC YOUNG	06/26/11	M	06262011	002326 PRIZE	100.00
YOUNG Subtotal :						100.00
149432	HATFIE / GERALD HATFIELD	06/26/11	M	06262011	002326 PRIZE	100.00
HATFIE Subtotal :						100.00
149433	RIDGEC / COZETTE RIDGE	06/26/11	M	06262011	002326 PRIZE	50.00
RIDGEC Subtotal :						50.00
149434	DARNLM / MELANIE DARNELL	06/26/11	M	06262011	002326 PRIZE	50.00
DARNLM Subtotal :						50.00
149435	PORTER / DEBBIE PORTER	06/26/11	M	06262011	002326 PRIZE	50.00
PORTER Subtotal :						50.00
149436	BERANE / THOMAS BERANEK	06/26/11	M	06262011	002326 PRIZE	50.00
BERANE Subtotal :						50.00
149438	CAREYJ / Jim Carey	06/26/11	M	06262011	002326 PRIZE	25.00
CAREYJ Subtotal :						25.00

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149439	MORTON / DEREK MORTON	06/26/11	M	062611BB	002326	PRIZE	25.00
<b>MORTON Subtotal :</b>							25.00
149440	CAREYJ / Jim Carey	06/26/11	M	062611BB	002326	PRIZE	25.00
<b>CAREYJ Subtotal :</b>							25.00
149441	HELPER / DAN HELPER	06/26/11	M	06262011	002326	PRIZE	500.00
<b>HELPER Subtotal :</b>							500.00
149443	LINDEM / STEVE LINDEMANN	06/26/11	M	062611GAME	002326	PRIZE	250.00
<b>LINDEM Subtotal :</b>							250.00
149444	OWENSD / Dell Owens	06/26/11	M	062611GAME	002327	PRIZE	250.00
<b>OWENSD Subtotal :</b>							250.00
149445	RONEY / Darick Roney	06/26/11	M	062611BB	002327	PRIZE	25.00
<b>RONEY Subtotal :</b>							25.00
149446	BBJANI / CHEM TECH PRODUCTS	06/30/11	2	2022	002329	JANITRAMPS	68.90
<b>BBJANI Subtotal :</b>							68.90
149447	BENJAM / BENJAMIN CORPORATE PRINTING	06/30/11	2	3362	002329	ADMINPRINT	244.42
<b>BENJAM Subtotal :</b>							244.42
149448	BIOSAF / BioSafe Systems	06/30/11	2	6458	002329	WEEDS	6326.08
<b>BIOSAF Subtotal :</b>							6326.08
149449	BMARIN / Big Bear Marina	06/30/11	2	10311140	002329	PETRO-BOAT	1753.59
<b>BMARIN Subtotal :</b>							1753.59
149450	BURBAK / Burbach's Auto Electric	06/30/11	2	931579	002329	PATROL	148.00
<b>BURBAK Subtotal :</b>							148.00
149451	BUTCHR / Butcher's Block & Building Materi	06/30/11	2	74715	002329	SMALLTOOLS	9.22
149451		06/30/11	2	74805	002329	SMALLTOOLS	7.63
149451		06/30/11	2	75212	002329	FACILMAINT	30.30
149451		06/30/11	2	75233	002329	FACILMAINT	8.48
149451		06/30/11	2	76045	002329	SMALLTOOLS	8.52
<b>BUTCHR Subtotal :</b>							64.15
149452	BVELEC / Bear Valley Electric	06/30/11	2	06222011A	002329	UTIL-RAMPS	468.48
149452		06/30/11	2	06222011B	002329	UTIL-RAMPS	272.99



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						<b>BVELEC Subtotal :</b>	741.47
149453	BVPRIN / Bear Valley Printing	06/30/11	2	80892	002329	QUAGGAPRIN	567.89
						<b>BVPRIN Subtotal :</b>	567.89
149454	CCONNE / CONNELLY PUMPING SERVICES	06/30/11	2	10759	002329	SPECEVENT	240.00
149454		06/30/11	2	10779	002329	SSPUMPING	180.00
						<b>CCONNE Subtotal :</b>	420.00
149455	COMPVI / Computer Village	06/30/11	2	121995	002329	EQUIPMAINT	617.90
149455		06/30/11	2	122115	002329	PROFSVCS	500.00
						<b>COMPVI Subtotal :</b>	1117.90
149456	CYGNET / CYGNET ENTERPRISES, INC	06/30/11	2	5304	002329	WEEDS	138199.50
						<b>CYGNET Subtotal :</b>	138199.50
149457	DIRECTV / DIRECTV	06/30/11	2	1542321168	002329	UTIL-RV	157.49
						<b>DIRECTV Subtotal :</b>	157.49
149458	IDEARC / SUPERMEDIA LLC	06/30/11	2	06192011	002329	PHONE-WEB	29.95
						<b>IDEARC Subtotal :</b>	29.95
149460	MCMSTR / McMaster-Carr Supply Co.	06/30/11	2	88283213	002329	CREEKCAMRA	193.80
						<b>MCMSTR Subtotal :</b>	193.80
149461	NAPA / McConnell Motor Parts Inc.	06/30/11	2	033649	002329	ONROAD	56.16
149461		06/30/11	2	034597	002329	ONROAD	218.85
149461		06/30/11	2	034644	002329	ONROAD	66.43
						<b>NAPA Subtotal :</b>	341.44
149462	QUILL / Quill Corporation	06/30/11	2	4908747	002329	OFFICSUPPL	166.00
149462		06/30/11	2	5014106	002329	OFFICSUPPL	663.76
149462		06/30/11	2	5019277	002329	OFFICSUPPL	33.26
						<b>QUILL Subtotal :</b>	863.02
149463	RIFFEN / Riffenburgh Lumber Co.	06/30/11	2	352283	002329	SMTTOOLS	33.70
						<b>RIFFEN Subtotal :</b>	33.70
149464	STOFCA / State of California-Empl. Dev. Dp	06/30/11	2	2011-QTR2	002329	TAX	3530.32
						<b>STOFCA Subtotal :</b>	3530.32

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<u>Check</u>	<u>Payment / Vendor Information</u>	<u>Ck Date</u>	<u>Prity</u>	<u>Invoice</u>	<u>Session</u>	<u>Reference</u>	<u>Amount</u>
149465	STONER / STONE RIVER	06/30/11	2	35333034	002329	OSHAFRSTAD	116.91
<b>STONER Subtotal :</b>							<b>116.91</b>
149466	TOMDOD / Tom Dodson & Associates	06/30/11	2	BB-145-4	002329	PROFSVCS	2187.50
<b>TOMDOD Subtotal :</b>							<b>2187.50</b>
149467	VOLVOP / Volvo Penta of the Americas, Inc.	06/30/11	2	473048	002329	PATROL	1195.49
<b>VOLVOP Subtotal :</b>							<b>1195.49</b>
<b>Total For Check Account: 10010-00-001</b>							<b>193806.37</b>
<b>Check Register Total :</b>							<b>193806.37</b>

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

**MEETING DATE:** July 7, 2011

**AGENDA ITEM:** 5C

**SUBJECT:**

**CONSIDER APPROVAL OF CSDA BY-LAWS AMENDMENTS**

**RECOMMENDATION:**

The General Manager and the Administrative Committee (Directors Suhay & Eminger) recommend approval of these amendments.

**DISCUSSION/FINDINGS:**

California Special District Association (CSDA) By-Laws Amendments (see attached) - A change to the by-laws of CSDA proposes to require new CSDA Chapters to require all members be members in the state association. This change does not impact existing CSDA chapters. The Committee recommends that the District approve the proposed by-law change.

**OTHER AGENCY INVOLVEMENT:** CSDA

**FINANCING:** None

Submitted by: Scott Heule, General Manager

## MEMORANDUM

**DATE:** June 1, 2011

**TO:** California Special Districts Association (CSDA) Voting Members

**FROM:** Jo MacKenzie, CSDA Board President  
Neil McCormick, CSDA Executive Director

**SUBJECT:** Proposed CSDA Bylaws Amendments

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The CSDA Board of Directors has approved that attached recommended changes to the CSDA Bylaws to bring forward to CSDA voting members for consideration.

These recommended changes only affect one section of the bylaws (Article VIII – Local Chapters) as indicated in the attached document. The main reason for the proposed change to the bylaws is to require all newly formed chapters to have 100% of their members as dues paying members of the state association (CSDA) as well.

**Approving this bylaws change will not affect any existing CSDA chapter or its members. This is for newly formed chapters only.**

CSDA strongly encourages all chapters to promote membership in CSDA at the statewide level as it significantly helps in supporting the wide variety of efforts by the association throughout California and delivered on behalf of all districts. Ultimately, CSDA is trying to build and strengthen the relationship and connection between the statewide organization and chapters so we can better work together, communicate and have consistency in membership which makes us stronger.

The proposed changes are indicated in mark-up form on the attached excerpt from the Bylaws. A full version of the current CSDA bylaws can be found online at [www.csdanet.org/bylaws](http://www.csdanet.org/bylaws).

Once your district has reviewed the proposed CSDA bylaws updates, please use the enclosed official ballot with the prepaid postage to cast your vote by mail in favor or not in favor of the changes. **Completed ballots must be received by Friday, July 29, 2011 at 5:00 pm to be counted.** Only official and fully completed ballots returned via regular mail will be counted. The results of the Bylaws ballot will be announced in the CSDA e-News and on the CSDA website -- [www.csdanet.org](http://www.csdanet.org). If approved, the updated bylaws will take effect on August 1, 2011.

If you have any questions or require hard copies of any of any of these documents, you may contact Charlotte Lowe, Executive Assistant at [charlottel@csda.net](mailto:charlottel@csda.net) or (916) 442-7887.

**Thank you for your participation and continued support of CSDA!**

## **ARTICLE VIII – LOCAL CHAPTERS**

### **Section 1. Purpose:**

The purpose of local chapters is to provide a local forum of members for the discussion, consideration and interchange of ideas concerning matters relating to the purposes and powers of special districts and the CSDA.

The local chapters may meet to discuss issues bearing upon special districts and the CSDA. The chapters may make recommendations to the CSDA's Board of Directors.

### **Section 2. Organization:**

The regular voting members of the CSDA are encouraged to create and establish local chapters. Each of the following existing chapters must have at least one (1) CSDA member in their membership at all times: Alameda, Butte, Contra Costa, Kern, Marin, Monterey, Orange (ISDOC), Placer, Sacramento, San Bernardino, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara and Ventura. These existing chapters are strongly encouraged to have all district members as CSDA members, however - the existing local chapter may include members of local organizations, districts and professionals who are not members of the CSDA.

New chapters formed after {DATE OF BYLAWS UPDATE} are required to have 100 percent of their district members as CSDA members in order to be a chapter affiliate of CSDA. The existing local chapter may include members of local organizations and professionals who are not members of CSDA.

Local chapters shall be determined to be affiliates of the CSDA upon approval and ratification by the Board of Directors of the CSDA. The chapters shall be required to provide updated membership lists to the CSDA at least annually.

CSDA and its local chapters shall not become or deem to be partners or joint ventures with each other by reason of the provisions of these Bylaws.

### **Section 3. Rules, Regulations and Meetings:**

Each local chapter shall adopt such rules and regulations, meeting place and times as the membership of such local chapter may decide by majority vote. Rules and regulations of the local chapter shall not be inconsistent with the Articles of Incorporation or Bylaws of the CSDA.

### **Section 4. Financing of Local Chapters:**

No part of the CSDA's funds shall be used for the operation of the local chapter affiliates. The CSDA is not responsible for the debts, obligations, acts or omissions of its local chapters.

### **Section 5. Legislative Program Participation:**

Local chapters may function as a forum in regard to federal, state and local legislative issues. The chapters may assist the CSDA in the distribution of information to their members.

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

**MEETING DATE:** July 7, 2011

**AGENDA ITEM: 6A**

**SUBJECT:**

**RECEIVE A REPORT FROM FIELDMAN ROLAPP & ASSOCIATES, THE DISTRICTS' FINANCIAL ADVISOR, CONCERNING BOND REFINANCING ASSOCIATED WITH THE ACQUISITION OF THE CITY OF BIG BEAR LAKE, DEPARTMENT OF WATER & POWER**

**DISCUSSION/FINDINGS:**

Fieldman Rolapp & Associates has been studying both the Districts' and DWP finances and bond obligations since being authorized to proceed at the Board meeting on May 19, 2011. They have reviewed a variety of refunding options for District and DWP bonds individually and collectively and have identified both cash flow and present value savings for several scenarios of maturity dates. The Ad Hoc Committee will have had a chance to discuss these details with Fieldman Rolapp & Associates prior to the Board meeting but too late to include a report in the agenda. They will not be making any recommendations for action by the Board at this time.

**OTHER AGENCY INVOLVEMENT:** None

**FINANCING:** None

Submitted by: Scott Heule, General Manager

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

**MEETING DATE:** July 7, 2011

**AGENDA ITEM: 6B**

**SUBJECT:**

**CONSIDER AUTHORIZING UNDERWRITING SERVICES FOR BOND SALE ASSOCIATED WITH ACQUISITION OF THE CITY OF BIG BEAR LAKE, DEPARTMENT OF WATER & POWER**

**RECOMMENDATION:**

The DWP Acquisition Ad Hoc Committee recommends approval of this item.

**DISCUSSION/FINDINGS:**

Fieldman Rolapp & Associates solicited proposals on behalf of the District for bond underwriting services from three firms, Bank of America Merrill Lynch, CITI Group Global Markets Inc. and Stone and Youngberg. Copies of the proposals are attached. Providing the acquisition occurs, the services of an underwriting firm will be necessary to structure the refunding to include DWP, MWD or both agencies' bonds, what kind and amount of reserves are needed, type of bonds to issue whether certificates of participation or revenue bonds and whether or not bond insurance should be included. They will also solicit and help the District secure credit ratings from rating agencies (Moody's, Fitch and or Standard & Poor's) and market the bonds to both retail and institutional investors. All three organizations have a proven track record in successfully underwriting bonds for California water agencies.

The DWP Acquisition Ad Hoc committee has met and discussed the three proposals with Fieldman Rolapp & Associates. They have been advised that the fees proposed by the underwriters are all very competitive and that the fees should not be the sole determinant in the selection process. Based on each organizations understanding of the Districts' objectives, the unique situation posed by the eminent domain acquisition and suggested bond financing approach discussed in each of the proposals the Committee recommends selecting Citi Group Global Markets Inc. to perform underwriting services. The proposed fee for Citi Groups' work is \$112,589.67 based on \$29.5 million in financing. The Committee also recommends that authorization to proceed be conditioned on the Board making a final decision to move forward with the acquisition, probably at the July 21, 2011 meeting.

**OTHER AGENCY INVOLVEMENT:** None

**FINANCING:** None

Submitted by: Scott Heule, General Manager

# **BIG BEAR MUNICIPAL WATER DISTRICT**

## **Request for Qualifications for Underwriting Services**

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**Submitted By: Citigroup Global Markets Inc. ("Citi")**

***June 22, 2011***

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June 13, 2011

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

Robert Porr  
Fieldman, Rolapp & Associates  
Senior Vice President  
19900 MacArthur Boulevard, Suite 1100  
Irvine, CA 92612

Dear Scott and Robert,

On behalf of Citigroup Global Markets Inc. ("Citi"), we thank you for this opportunity to respond to the Big Bear Municipal Water District's (the "District" or "BBMWD") Request for Qualifications for Underwriting Services in connection with the upcoming acquisition transaction. We identify below a few of the credentials that we believe distinguish Citi and our proposed banking team:

***Citi has the Ability and Experience to Help Big Bear Navigate Through the Credit Rating Process as Our Experience with California Water Credits is Unparalleled.*** Over the years, we have helped to guide numerous clients through the credit rating process. Our experience has enabled us to prepare our water clients to help them be nimble in addressing credit issues and challenges. We always coordinate closely with the entire working group to ensure that the maximum strength and benefit of structured credit features is recognized but at the same time provides the most flexibility for our clients. As examples, we have recently helped the following water districts steer through the credit rating process and ultimately achieve rating upgrades: Orange County Water, San Diego County Water Authority, Sacramento Suburban Water District, Central Basin Municipal Water District, El Dorado Irrigation District, Westlands Water District, Eastern Municipal Water District as well as the Castaic Lake Water Agency and the Inland Empire Utilities Agency. Big Bear MWD is looking to achieve the highest ratings possible and we believe that we have the experience and knowledge to be of greatest service to the District. Additionally, in the nation and within the State of California, no other firm has more water utility and system financing experience than Citi. Since 2005, Citi has senior managed 330 water system transactions in the nation, totaling nearly \$27.5 billion in par, a 15.3% market share. In that same time, Citi has senior managed 101 transactions for more than \$8.36 billion in par (representing 26% market share) for California water districts, agencies and systems.

***Citi's Proposed Rating, Structuring and Marketing Strategies Will Promote BBMWD's Credit Strengths and Capture the Greatest Economic Benefit.*** Citi has developed rating, structuring and marketing strategies that will capture the greatest economics for the District.

- ▶ We believe that by focusing on structuring the financing to generate lower debt service and higher coverage, enabling accumulation of higher reserves and the benefit of an independent board that can manage the District as an enterprise, BBMWD should achieve ratings in the high "A" category and potentially, over the next few years, ratings in the low "AA" category may be achieved.
- ▶ We will employ a comprehensive marketing plan to generate the most investor demand possible for Series 2011. Not only will this marketing plan target both retail and institutional investors but it will also draw upon Citi's Competitive Order Period to most efficiently channel investor demand as orders. Maximizing demand and orders will translate to lower interest rates and lower costs.

Thank you for your time and consideration. We believe Citi is well qualified to serve the District and we would be honored to serve as senior manager for the upcoming transaction.

Sincerely,

**David G. Houston**  
Managing Director  
Phone: (916) 488-4750

**Cameron Parks**  
Director  
Phone: (213) 486-7130

CC: Joshua Lentz, Fieldman, Rolapp & Associates

**Big Bear Municipal Water District**



**Proposal to Serve as Senior Managing Underwriter**

**Prepared By:**



**June 22, 2011**

**COVER LETTER**

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**APPENDIX A – Citi’s Experience**

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**II. QUESTIONS**

**1. SALES CAPABILITIES**

*Describe your firm's retail and institutional sales capability. Describe your firm's recent success at selling similarly structured financings to California retail and institutional clients.*

**Retail Sales Capabilities**

In 2009, Citi and Morgan Stanley announced an agreement to combine Morgan Stanley's Global Wealth Management Group and Citi's Smith Barney into a joint venture called Morgan Stanley Smith Barney (MSSB). The new firm offers clients unmatched selection of financial products and investment opportunities from the combined distribution network. With access to over 16,000 consultants, Citi has a retail support system that ensures the District will receive strong execution from California-knowledgeable Financial Consultants (FCs). **Citi's retail distribution capability is unmatched in Southern California where we have access to over 2,500 Financial Consultants in 47 branches throughout the region.**

Citi's Retail Asset Information	
National	California
7,680,600 Accounts	1,193,532 Accounts
\$1,504,513,831,090 Value of Retail Accounts	\$254,666,216,042 Value of Retail Accounts
\$181,256,153,999 Value of Muni Accounts	\$32,261,531,685 Value of Muni Accounts

**Primary Market Distribution Agreement for retail sales through The Muni Center:**

Citi has entered into an exclusive agreement with The Muni Center, the leading electronic trading platform in the municipal market to provide direct access for distribution to over 400 broker-dealers with 100,000 brokers. This agreement provided our clients with access not only to Morgan Stanley Smith Barney's retail customers, but to retail investors served by virtually every brokerage firm in America. This open architecture model is precedent setting and will provide added access to the core investor base of tax exempt bonds.

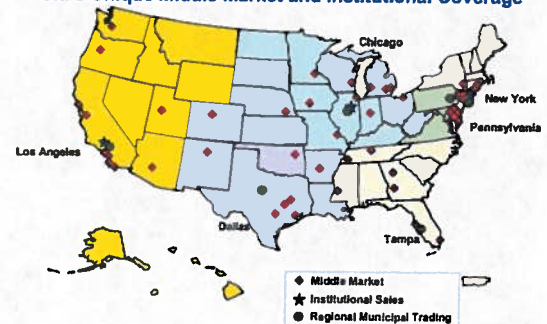
**RETAIL CASE STUDY: County of San Diego \$19 million Refunding COPs:** On April 20, 2011, Citi senior managed \$19,260,000 of County of San Diego Certificates of Participation (Aa3/AA+/AA+). Citi's desk and salesforce targeted the growing and recently active professional retail ("SMAs" – Separately Managed Accounts) sector to provide anchor orders for the transaction. Due to the County's strong credit and based on a successful premarketing campaign, our desk's pre-pricing scale was aggressive relative to all other California lease revenue / COP financings executed in recent months. Our preliminary scale featured yields which ranged from 20 to 33 basis points lower than a San Jose COP transaction (Aa2/AA+) priced two weeks prior by another firm. With the combination of individual retail orders (\$13 million) and professional retail (\$42 million), Citi achieved strong demand for the bonds with nearly 3x oversubscription per maturity. Armed with a solid book of orders, Citi lowered yields in nearly all maturities by as much as 8 basis points and allowed the County to achieve \$2.1 million in net present value savings (nearly 10% of refunded par).



**Institutional Sales Capabilities**

Citi employs 304 institutional sales people which can be utilized to capture all pockets of institutional demand for the District's transaction, including "crossover buyers" who entered the municipal market post-2008 but have played an increasingly important role in the distribution of bonds. Within this group, 27 municipal institutional sales people, based out of New York and 3 regional offices, are focused solely on municipal bonds. Unlike other major Wall Street firms, Citi maintains a formal nationwide distribution system geared to small and medium-sized institutional investors, who typically invest in increments of \$500,000 to \$1,000,000. These investors are dispersed throughout the country and as a result are not typically covered by Wall Street firms. Citi distinguishes itself from its competitors by our "regional" coverage of this important segment. Our sales personnel maintain nearly 5,000 middle market accounts and have the ability to tap into these buyers. With 52 professional located in 16 offices nationwide, including four in Southern California, Citi can provide the District with unmatched access to these middle market accounts.

**Citi's Unique Middle Market and Institutional Coverage**



**INSTITUTIONAL CASE STUDY: State of Oregon – 2011 Series I, J, K & L General Obligation Bonds:** On May 18, the State priced its General Obligation Bonds (Various Projects), 2011 Series I, J, K, and L in the amount of \$310 million. The 2011 Bonds represent the State's inaugural issuance of General Obligation Bonds under Article XI-Q of the Oregon Constitution. The State selected Citi as the book running senior manager and the sale was structured across four separate series. The Series I Bonds were sold under Articles M and N of the Oregon Constitution with the purpose of



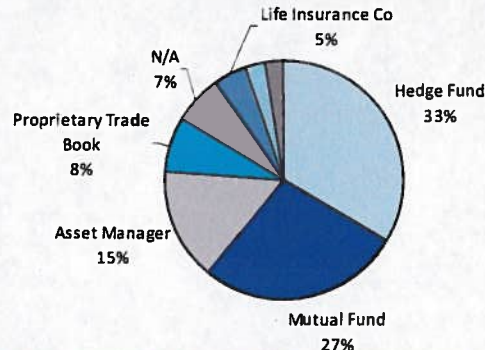
funding seismic rehabilitation projects, while the Series J and K Bonds were sold under Article XI-Q and funded a variety of projects within the State. The Series L Bonds were also sold under Article XI-Q with the purpose of refunding outstanding Certificates of Participation for debt service savings. The transaction was priced in an improving market environment, with MMD decreasing by as much as 71 bps in the five weeks leading up to the sale. Despite the lowest interest rates of 2011YTD, the State's Bonds were very well received by investors and priced with the tightest spreads to MMD of any sale in the State of Oregon year to date. **Ultimately, the 2011 Series I, J, K & L had participation from 37 different institutions, which generated more than \$700 million in institutional orders, translating to 2.5x oversubscription.**

**2. NON-TRADITIONAL CAPABILITIES**

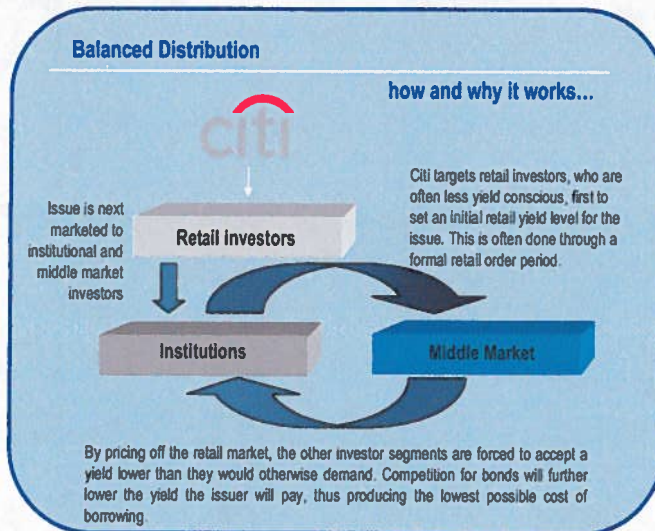
*Describe your firm's other/non-traditional investor sales capabilities, citing examples (optional to include).*

**Targeting Crossover Buyers.** From 2009 to the end of 2010 taxable buyers were strong participants in municipals due to the prevalence of BABs. Citi during this time vastly expanded our investor base by marketing to reach all types of taxable investors both domestically as well as in 30 other countries. In 2011, when the municipal market transitioned from BABs back to Tax-Exempt issuance, Citi leverage its global marketing campaign to reach crossover buyers. Within a 3-month period, Citi targeted over 200 investors with one-on-one meetings and conference calls, mini conferences, sales force education and luncheons with issuers. As a result, we are proud to have added over 40 new buyers of tax-exempt municipal bonds including corporate mutual funds, hedge funds, insurance companies and foreign banks. Several of these crossover buyers are now among Citi's largest counterparties in the secondary market.

**CASE STUDY: North Texas Tollway Authority \$1.2 Billion Revenue Bonds:** On April 13th, 2011 The North Texas Tollway Authority priced a \$1.2bil Bond offering. The Bonds were issued as subordinate lien revenue bonds backed primarily by toll collections and TxDOT providing a Toll Equity Loan (TELA) as credit enhancement on all project debt. The proceeds were used to expand the President George Bush Turnpike Western Expansion (PGBT WE) corridor project, also known as State Highway (SH) 161. It will provide a new, approximately 11.5 mile link in the growing loop around Dallas, Texas. NTTA's marketing efforts were extensive and involved a campaign that included newspaper advertisements, investor meetings in Boston and New York City, an internet road show and extensive one-on-one conversations with investors. During the marketing period, Citi pro-actively engaged investors by sending out early indications of structure. This enabled us to quickly identify the core investors who would be instrumental come pricing day. This process was crucial to the success of the transaction, as CIBS, CABs and convertible CABs were all incorporated into the final capital plan. The marketing resulted in roughly \$8 billion in orders across 117 different investors. The size of the book enabled us to tighten pricing across all structures, while still keeping 106 investors in the final book. **The success of the transaction was in large part driven by access to non-traditional buyers (hedge funds & prop) who made up approximately 41% of the total book of orders.**



**Citi's Balanced Distribution System.** Given the limited primary market issuance thus far in 2011 coupled with continued bond fund outflows, the District will benefit from Citi's "Balanced Distribution System." The Balanced Distribution System serves two complimentary functions. First, it serves as a mechanism to promote competition between the various investor segments. Citi utilizes a strategy of pricing off the retail market as the first step to our balanced marketing approach. This technique allows us to first generate demand from in-state retail investors who are typically less yield conscious and will often accept lower yields for familiarity and security of investment. Citi is then able to balance the institutional and middle market demand off the retail market to drive the yield levels demanded by the institutions down. Strong retail participation also gives the institutional funds comfort that secondary demand will be strong. The ability to

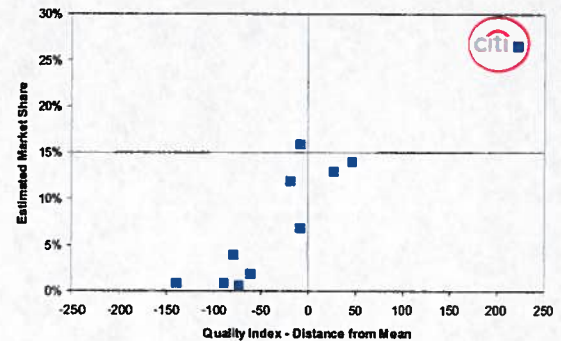


increase retail participation will be instrumental in generating the lowest interest cost on the financing.

The second main function of the Balanced Distribution System is to promote competition within an underwriter's sales force. The sales force will compete for the District's bonds with the knowledge that they are not the only participants in the transaction. With separate retail and institutional sales forces, Citi can simultaneously cover all investor groups without a bias or direction to one particular investor group.

**Industry Survey Demonstrates Citi's Market Penetration Relative to our Competitors.** Citi's institutional distribution capabilities are arguably the best in the industry. Greenwich Associates, the world's most trusted firm for providing an independent evaluation of Wall Streets' relative and absolute performance, recently conducted a survey in the US municipal fixed income area. As shown in the accompanying table, investors ranked Citi #1 in 13 out of 14 categories including municipals in market penetration, market share, market making, sales coverage, products and relationship momentum. The Greenwich Associates survey confirms that Citi stands out from other firms in the quality of our relationships with institutions, the wide-range of institutional clients that we access and the full professional staffing that we provide to assist institutional transactions. According to the survey *"Citi dominates the US municipal fixed income market to an extent that Greenwich Associates has seldom if ever observed for any dealer in other large fixed income markets around the world."* Citi has achieved a market share of 26.7% in institutional municipal bond trading and has dominated in overall service quality, meaning that Citigroup receives better ratings from its current institutional clients that exceed those of its competitors by a statistically significant margin. The next closest competitor only has a 16% market share. As such, *"Any new entrants to the U.S. municipal bond trading business will be forced to compete with Citigroup's dominant franchise."* Citi's industry leading institutional distribution capabilities will translate into the best execution and pricing for the Citi's bond offerings.

Greenwich Survey Results	
Category	Citi Rank
Market Flow Information	#1
Intense Sales Coverage	#1
Use Research to Provide Trade Ideas	#1
Access to Research Personnel	#1
Expected to grow relationship over next 6 - 12 months	#1
Executing Large Trades (>\$10mm)	#1
Executing Small Trades (<\$1mm)	#1
Providing Consistent Liquidity	#1
Fastest Bids and Offers	#1
Market Penetration in BABS	#1
Market Penetration in Secondary	#1
Market Penetration in Short-Term	#1
Understanding and Acting on Customers' Needs	#1
Market Penetration in Municipal Derivatives	#2 (Tied)



Note: Citi's peer group represented by the blue boxes above.

### 3. TRANSPARENCY FOR NEGOTIATED TRANSACTIONS

Please describe innovations or standard practices your firm has enacted to bring more transparency into the negotiated pricing of Bonds.

Achieving the best pricing begins with the initial marketing and culminates at the bond sale, with follow on information flow to provide pricing transparency. As Citi has unparalleled underwriting experience, we have developed and continue to employ practices and strategies to further enhance the transparency of the pricing process.

Step	Citi's Pricing Innovation/Practice
<b>Early Announcement of Sale</b> (4 weeks prior to sale)	<ul style="list-style-type: none"> <li>Public announcement in advance of POS mailing provides the sales force with a longer runway to market the transaction</li> <li>Ensures potential buyers have adequate time to "approve the credit" and vet any lingering credit questions ahead of pricing</li> </ul>
<b>Market Update Calls</b> (Weekly for 4 weeks prior to sale through pricing)	<ul style="list-style-type: none"> <li>Regular market update calls will provide the District and financial advisor with general interest rate levels, the level of supply and demand and information on upcoming transactions</li> <li>Establishes pricing comparables</li> </ul>
<b>Mail POS</b> (2 weeks prior to sale)	<ul style="list-style-type: none"> <li>Provides official disclosure to the public and potential investors</li> </ul>



Step	Citi's Pricing Innovation/Practice
<b>Pre-Pricing Book</b> (1 week prior to sale)	<ul style="list-style-type: none"> <li>• Provide context to the market conditions in which we anticipate pricing.</li> <li>• Includes graphics and numbers describing market indices, market supply, credit spreads and other relevant indicators, depending on the market conditions at the time.</li> <li>• Furthermore, we find value in providing information on comparable financings to give additional context and benchmarks to where we would see the District's Water Revenue Bond pricing.</li> </ul>
<b>Pre-Pricing</b> (1 day prior to sale)	<ul style="list-style-type: none"> <li>• Preliminary price talk with investors</li> <li>• Conference call with the District and financial advisor on market tone, other supply, economic releases and order period schedule and processes</li> </ul>
<b>Pricing</b> (Day of sale)	<ul style="list-style-type: none"> <li>• Pricing will be conducted from our Los Angeles desk</li> <li>• The District and financial advisor can attend the pricing in person or participate by phone – we would anticipate multiple conversations before, during and at the end of the order period</li> </ul>
<b>Electronic Order Monitoring</b> (Day of Sale)	<ul style="list-style-type: none"> <li>• Citi regularly offers issuers and financial advisers the opportunity to utilize real-time order monitoring during that issuer's order period.</li> <li>• Order monitoring, offered by Ipreo, is a tool that allows issuers, financial advisors and bankers to view orders as they are received, including information on buyer name and type of buyer, order sizes and orders by maturity.</li> <li>• Order monitoring can assist the deal team in understanding the market dynamics behind the results of their order period and the sale of their bonds.</li> </ul>
<b>Post-Pricing Book</b> (Within 2 weeks after pricing)	<ul style="list-style-type: none"> <li>• Provides further context to the District's pricing in light of market conditions before, during and after pricing.</li> <li>• We also see value in sharing order and allotment information with our clients in order to share where the bonds went and who participated in the sale.</li> <li>• Lastly, and arguably most importantly, we also have the ability to share secondary trading activity in order to analyze our success in aggressively pricing the District's bonds.</li> </ul>

#### 4. STRUCTURING, RATING AND MARKETING STRATEGY

*In light of the current conditions in the municipal marketplace, please discuss your structuring, rating agency, and marketing strategy for the District's Bonds.*

##### Rating Strategy

As Big Bear Municipal Water District prepares to acquire the City of Big Bear Lakes Water Enterprise, there will be key rating agency factors that need to be considered in order to develop a credit that is both strong yet flexible. Currently BBMWD maintains an "A3" underlying credit rating from Moody's while Big Bear Lakes holds a "BBB" rating from Standard & Poor's. However, when presented on a combined basis, it is anticipated that the resulting entity will have a strengthened financial position through increased coverage and reserves. Ultimately, we believe that the greatest benefit can be obtained from seeking an S&P rating only. It is important to acknowledge that S&P weighs local economic factors as it conducts its credit analysis but more important will be the financial and operating characteristics of the District as well as the legal provisions that are established under the new financing. As the District looks to proceed with its acquisition, we encourage the Working Group to pay particular attention to bolstering liquidity, establishing strong debt service coverage and setting up legal provisions that enhance the District's underlying credit position while allowing it future flexibility.

**Bolstering District Liquidity.** The District can reinforce its liquidity position over several years by extending the amortization period and decreasing annual debt service. S&P looks specifically at working capital; while 120 days of working capital is considered "Adequate", 100-180 days could position the District as "Good" and resources in excess of 200 days are viewed as "Strong". As the District looks to acquire the City of Big Bear Lake's water enterprise, it will be important to preserve an adequate level of current reserves given the minimal level of current and short-term assets associated with the enterprise. Additionally, S&P will also look for a funded debt service reserve fund ("DSRF") directly



pledged for debt service. The District should also review its policies regarding maintaining an equipment replacement and renewal reserve and potentially a rate stabilization reserve; it will be important to emphasize these reserve policies to the S&P analysts as well.

**Debt Service Considerations.** A fundamental rating factor to be addressed will be debt service coverage, as it is legally covenanted in the documents as well as what the District projects in the pro-formas in the near-term. S&P views up to 1.25x debt service coverage as "Adequate" and coverage up to 1.50x as "Good" (greater than 1.50x is classified as "Strong"). Historically, the water enterprise for Big Bear Lakes had fairly low 1.16x coverage and over the last five fiscal years, has averaged coverage of approximately 1.28x. BBMWD, by extending the amortization period, should be able to have coverage in excess of 1.6x. In addition to developing coverage covenants and projections, the District also has the opportunity to revisit its definition of debt service; in doing so, we encourage BBMWD to consider including interest earnings (such as on the DSRF) to be considered in the definition as a direct offset to "debt service" which also helps to directly increase coverage.

**Additional Considerations.** While shoring up liquidity as well as increasing debt service coverage will help the District achieve higher underlying ratings, there are additional legal considerations that may also impact the outcome of credit rating. The District's policy on issuing additional parity debt will also be scrutinized. The District should adopt an additional parity test that is flexible and should avoid restricting subordinate lien debt.

**Summary of Rating Strategy:**

PRIMARY RATING CONSIDERATIONS AND BBMWD'S STRATEGIES	
RATING CONSIDERATION	STRATEGY
Liquidity Position	<i>Bolster liquidity through preserving some of the District's current reserves; consider using either tax-exempt "working capital" provision to add to reserve levels or using short term taxable borrowing to prepay the non-refundable portion of Series 2003.</i>
Debt Service Coverage	<i>Rate covenant of 1.25x is considered adequate for smaller utilities but the District should budget for 1.5x to 1.6x to achieve higher ratings (lower cost of borrowing) and rebuild operating / capital replacement / rate stabilization reserves.</i>
Legal Provisions	<i>Legal provisions for additional debt, debt service and other definitions should be flexible but offer solid security. We are very familiar with Stradling Yocca Carlson &amp; Rauth's documents and are confident they will give the District flexibility and the Rating Analysts comfort.</i>
ADDITIONAL RATING CONSIDERATIONS AND BBMWD'S STRATEGIES	
RATING CONSIDERATION	STRATEGY
Service Area	Utility service area will be viewed as small but with strong demographics- a credit positive. Rating presentation should include information demonstrating essentiality of the service and the ability of customers to pay.
Operating History	BBMWD should show revenue collection history. Emphasize Management's experience with and commitment to achieving better operating and financial goals. Extending amortization enables better coverage and will demonstrate better operating results.
Sound Management	Financial wherewithal and ability to make required payments should be emphasized. Financial strength and management of the District should be seen as a credit positive.
Rate Setting Abilities	District must demonstrate flexible mechanisms for its rate-setting but more importantly that it has the political resolve to impose rate increases as necessary to meet obligation and build reserves
Management Experience	Fundamental to securing strong ratings. Board is customer focused and a credit positive. They can govern operations of BBMWD as an enterprise fund business and not as a social engineering experiment – a credit positive. For management, staff should emphasize years of experience and ability to achieve operating and financial goals.
Projected Operating Results	Projections should show 1.5x to 1.6x coverage. As mentioned in the rating discussion this would place BBMWD in S&Ps "strong" category.
Reserves	Rating Presentation should show reserve levels growing over time. Increasing liquidity may position the District to achieve an "AA" category rating in the future if not achieved at issuance.



**Structuring Strategy**

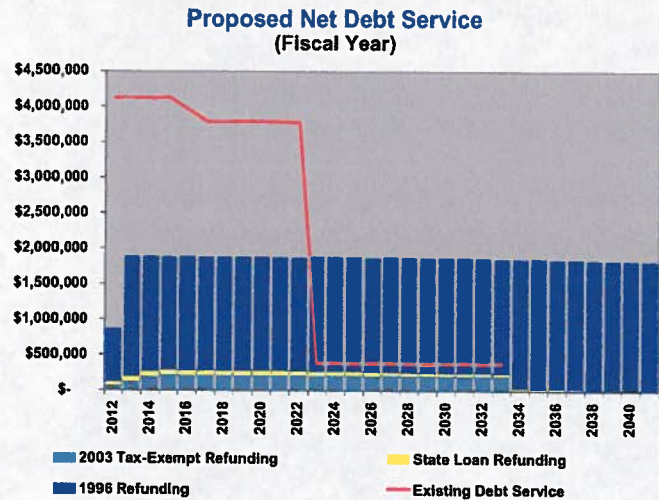
The primary objectives for this financing should be to create a legal structure that can provide maximum flexibility for the District while achieving the highest credit ratings possible to minimize the cost of borrowing. This suggests refunding or prepaying the 2003 COPs to eliminate the existing legal covenants, presenting BBMWD as a consolidated entity and a new credit, emphasizing strategies that can enhance the credit such as increasing coverage and rebuilding reserves. Sizing the financing to essentially prepay the existing 1996 bonds and the State Revolving Fund loan and extending the repayment term to 30 years will reduce annual debt service requirements below what is currently being paid, significantly improving coverage. Additionally, presenting the District as a consolidated entity, with all debt service on parity, will enable existing property tax revenues to be included in calculating coverage. While debt service will be lower and coverage will be higher with this strategy, reserve levels won't reflect this improved financial performance until the end of the first year. Consequently, we offer several other strategies that could be used to accelerate rebuilding reserves to enable higher reserve levels to be taken into account for the ratings on this new issue. The water utility is currently rated at the A3 level with Moody's (A- equivalent with S&P) but we believe that with our recommendations the District can achieve an A+ level rating and be positioned to move into the AA rating category. We discuss each of these points in the following sections.

**Project Acquisition.** The acquisition cost for the 1996 bonds using the extraordinary call feature provided for the 1996 Bonds is \$26.9 million with the existing debt service reserve fund of \$3.4 million serving as a credit. The SRF loan can be prepaid at any time without penalty and the current balance including interest to the next payment date is \$1.4 million bringing the total acquisition price to \$28.3 million. We are assuming that the USDA loan with its favorable terms will be assumed by BBMWD and will not be refinanced. Since a portion of the 2003 COPs were an advance refunding, only \$2.8 million of the \$5.0 million outstanding can be refunded on a tax-exempt basis leaving \$2.2 million which are subject to restrictions and can be defeased using 3 separate methods.

1. The District could use available cash reserves to defease the non-advance refundable portion along with the tax-exempt refunding.
2. If the District prefers to save reserves to bolster coverage, it may elect to issue taxable refunding bonds. When amortized with the taxable debt upfront, the District would only be paying around 3.00% interest up to five years until the taxable bonds are paid off.
3. If defeased by cash, BBMWD may want to allocate the maximum working capital allowance from the tax-exempt portion of the financing to rebuild reserves. This maximum is equal to 5.00% of the certificate proceeds (par amount + any premium); for illustrative purposes, this amount may be as much as \$1.5million. The District could keep this money on hand they arise.

Citi will work with the District and its financial advisor to quantify these scenarios and structure the acquisition to achieve strong coverage and low borrowing costs. The table below summarizes the costs of the tax-exempt portion of the financing and its' components:

Sources and Uses				
	1996 Refunding	2033 Tax-Exempt Refunding	State Loan Refunding	Total
<b>Sources</b>				
Par Amount	\$25,520,000	\$2,735,000	\$1,495,000	\$29,750,000
Net Premium	\$62,799	\$90,326	\$8,287	\$161,413
Bond Fund	\$756,416	\$53,186	\$0	\$809,602
Existing DSRF	\$3,406,000	\$393,500	\$0	\$3,799,500
<b>Total Sources</b>	<b>\$29,745,215</b>	<b>\$3,272,012</b>	<b>\$1,503,287</b>	<b>\$34,520,515</b>
<b>Uses</b>				
Escrow Cost	\$27,744,996	\$3,054,993	\$1,382,283	\$32,182,272
Debt Service Reserve Fund	\$1,640,829	\$175,849	\$96,122	\$1,912,800
Costs of issuance	\$359,390	\$41,170	\$24,882	\$425,443
<b>Total Uses</b>	<b>\$29,745,215</b>	<b>\$3,272,012</b>	<b>\$1,503,287</b>	<b>\$34,520,515</b>





**Analyze Benefits of Insurance to Help Reduce Borrowing Cost.** There may be an economic benefit to insuring the proposed refunding and new money certificates. By insuring the transaction, the certificates may appeal to a broader number of investors, creating greater demand; increased demand may lead to lower yields and ultimately a lower borrowing cost. Additionally, BBMWD will need to fulfill a debt service reserve fund ("DSRF") requirement; in lieu of funding this requirement with certificate proceeds, the District may be able purchase a surety policy, in which case BBMWD could avoid negative arbitrage (reserve fund reinvestment rate is less than cost of borrowing) and further reduce net debt service.

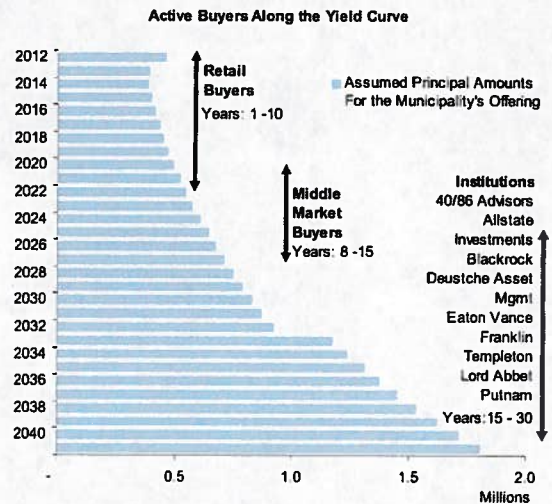
**Marketing Strategy**

We expect that all of the maturities within the first 10 years will be placed with retail investors while about 30 - 50% of the maturities in years 10 – 15 will go to retail investors. Institutional investors will buy most of the bonds maturing in 15 years and beyond. In order to generate the greatest demand for the District's Certificate of Participation, Citi proposes the following:

1. **Retail Order Period to Generate in-State Demand**
2. **Sell Blocks of Bonds to Institutional Investors**

**1. Emphasize Retail Order Period to Generate in-State Demand.** As we approach the pricing, we strongly recommend that we work closely with our marketing specialists to specifically target retail accounts. During this time, details about the transaction will be disseminated to our sales force and this information will be further distributed to generate interest by retail investors. We will canvass our accounts to generate interest and take orders for the District's bonds and expect that a significant amount of BBMWD's bonds will be placed with California investors. The bottom line for retail distribution of the District's proposed issue is that California investors are aggressive purchasers of municipal bonds. Included is our 10-step plan for courting retail buyers on the District's financing.

1) Early dissemination of POS to investors.	6) Allow Bank trusts and money managers investing for individuals.
2) Retail emphasized during pricing.	7) Distribute internal sales memorandum to all Financial Consultants.
3) Advertising the deal in Citi's Weekly Newsletter <i>Tax Free Times</i> .	8) Pre-sale conference call with retail and institutional sales professionals.
4) E-gram advertising that is sent to all interested prospects.	9) Smith Barney TV System Broadcast.
5) Internal Meetings and Conference Calls with retail offices.	10) Smith Barney Radio FCN Broadcast.



Retail buyer interest from individual investors or quasi-retail investors, bank trusts and money managers acting on behalf of retail) will enhance the District's offering and shrink the remaining pool of available bonds, generating more price competition among institutions. Strong retail participation also gives the institutional funds comfort that secondary market demand will be strong.

**2. Sell Blocks of Bonds to Institutional Investors.** Unlike prior market cycles where the prevalence of bond insurance and strong overall demand from all investor segments led to a broad-based marketing approach, the current market necessitates a much more targeted marketing effort where greater time and sales resources can be focused on the most likely buyers. The accompanying chart highlights the investor segments we expect to target based on an assumed level debt service amortization of the District's proposed issue.

Top Institutional Holders of CA Water Bonds/COPs	
Institutional Investor	Amount (\$MM)
AIG Global Investment Group Inc	1,219,405
Franklin Templeton Investments	1,100,181
Vanguard Group Inc	556,190
BlackRock Investment Management	509,230
PIMCO	335,460
Nuveen Asset Management Inc	289,502
State Farm Insurance Companies	273,285
Deutsche Asset Management	196,175
Fidelity Management & Research Co	192,005
AIG Global Investment Corp	157,230

Source: Thompson Reuters – Emass.

- A. With their existing knowledge of California water district and agency credits, Investment Advisors and to a slightly more limited extent, Mutual Fund Managers and Insurance Funds would be prime candidates to invest in the District's bonds
- B. Investors like Franklin Templeton, Allstate, Eaton Vance and Nuveen have all participated in previous bond issues similar to those being offered by BBMWD. These institutions spent considerable time studying the dynamics of



California water systems. This same understanding and ongoing credit monitoring can easily be applied to the District's proposed financing. Consequently, these investors should also be prime targets of the institutional marketing effort.

**5. CONFLICTS OF INTEREST**

Please list any potential conflicts of interest your firm may have in acting as Underwriter for BBMWD.

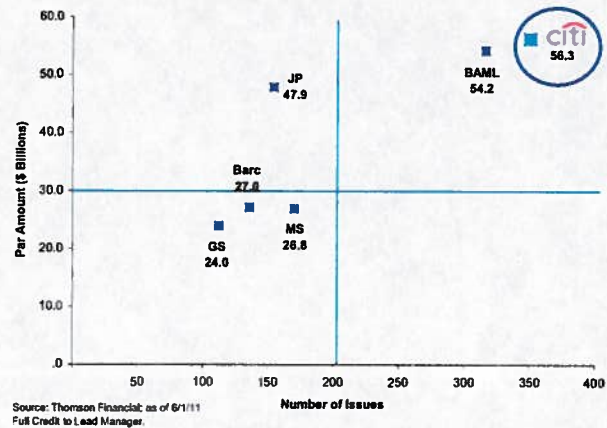
To the best of our knowledge, understanding and belief, Citi does not have any conflicts of interest which would interfere with our serving as Underwriter for BBMWD.

**6. OTHER FACTORS**

Please discuss any other factors not addressed previously that you believe should be considered by BBMWD.

**Citi's Municipal Presence in California.** California is a unique municipal market. It is the largest regional market in the industry and has unique credit features and risks, a fact particularly evident in light of recent economic and fiscal challenges being faced by the State government. It takes a firm with a strong California history and presence to successfully navigate the intricacies of the California municipal market to best present an issuer's financing to market in these uncertain times. It is in this regard that Citi excels.

**California Negotiated Experience**  
June 1, 2006 to June 1, 2011



Source: Thomson Financial; as of 6/1/11  
Full Credit to Lead Manager.

With Citi bankers located in Los Angeles, Sacramento and San Francisco and a Municipal Underwriting and Trading Floor in Los Angeles, Citi's California presence includes 52 Municipal Securities professionals located within the State. To underscore the importance we place on this market, Citi's Head of National Municipal Sales and Trading is based in California, something no other major underwriter can claim. This focus is further evidenced in our leadership as senior manager of 350 California negotiated issues since 2006. Citi is by far the leading senior manager of California municipal bonds having senior managed more than \$56 billion, representing a 17% market share. Citi's consistently dominant market position in California underwriting means that we can be relied on to provide the best market insight and experience.

**7. Proposed Fees**

Please state your anticipated discount breaking down: (i) management fee, (ii) takedown, (iii) underwriting fee, and (iv) expenses (including underwriter's counsel).

Our proposed takedowns are designed to reflect our desire to work with the District on this transaction while also delivering the lowest cost of borrowing. These fees are based on the current market environment and reflect what we believe to be current market levels. If the market environment changes, Citi is always willing to negotiate fees to reflect fair market levels at the time of pricing. In the end, we don't want fees to prevent Citi from serving as underwriter on the District's financing.

Proposed Gross Spread		
Spread Component	Per \$1,000	Total
1. Management Fee <sup>1</sup>	\$0.000	\$0.00
2. Average Takedown	\$2.965	87,556.25
3. Underwriting Risk	\$0.000	0.00
4. Underwriters' Expenses <sup>2</sup>	\$0.848	25,033.42
<b>Total</b>	<b>\$3.813</b>	<b>\$112,589.67</b>

Expense Detail	Per \$1,000	Total
Underwriter's Counsel	0.677	20,000.00
Dalcomp/iDeal EOE	0.094	2,788.58
Day Loan	0.028	826.84
CUSIP/Wires	0.014	418.00
Travel / Closing	0.034	1,000.00
<b>Total Expenses<sup>2</sup></b>	<b>\$0.848</b>	<b>\$25,033.42</b>

Takedowns by Maturity (\$/1,000)	
2012-2013	\$1.25
2014-2016	\$2.50
2017-2031	\$3.75
2032-2041	\$3.75

(1) Citi recognizes that Management Fees are discretionary and depending on the amount of resources employed to achieve a successful underwriting, we may request consideration of such fee nearer to the time of pricing.  
(2) Expenses will be billed at actual cost.

Assumes \$29.5 million financing



**III. QUALIFICATIONS**

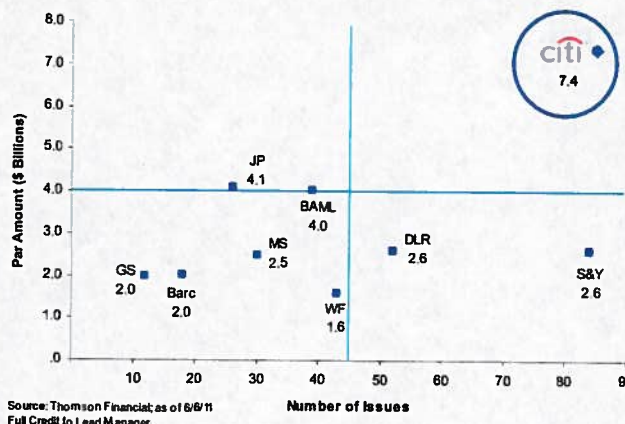
**1. WATER EXPERIENCE**

Please list or summarize your firm's experience as underwriter for California-based water and/or wastewater revenue debt obligations (including revenue certificates of participation) in the last 5 years and note/highlight:

- a. Whether your firm served as senior or co-manager
- b. The 3 deals you believe are most comparable to BBMWD's proposed transaction

Citi's undeniable underwriting leadership in California water financings translates into valuable knowledge for selling and marketing the District's bonds. Year after year, we structure and sell more bonds on behalf of water issuers in California than any other firm.

**California Water Utility Experience**  
June 1, 2006 to June 1, 2011



Since June 1, 2006 we have senior managed over \$7.4 billion in municipal bonds for California water utilities transactions (\$3.3 billion more than our nearest competitor). Our ability to place so much paper is driven by: our ability to work with issuers and their financing teams to structure transactions, the diversity of our investor base, our ability to communicate the important components of a credit strategy to investors, and the high level of demand from our retail and institutional clients.

Citi's intimate understanding of our water utility clients has helped us to effectively convey their credits to rating agencies as well. As a result, Citi has been able to assist clients in securing ratings upgrades, examples of which include Orange County Water District, San Diego County Water Authority, Sacramento Suburban Water District, Mesa Consolidated Water District, and Westlands Water District. We believe our rankings also reflect our clients' satisfaction with the level and quality of service that we consistently deliver as senior managing underwriter as we have worked with both a large number of different issuers as well as many issuers on a repeat basis.

Source: Thomson Financial as of 6/6/11 Full Credit to Lead Manager.

**Relevant Case Studies**



**El Dorado Irrigation District**  
Ratings: "A1/A" (Moody's/S&P)

Citi has managed all of El Dorado's financings since 2003, most recently, in January of 2010. El Dorado consulted with Citi to develop a strategy to ease near-term payment obligations in order to allow more time to phase in necessary increases in rates and charges necessitated by the deteriorating housing market and precipitous drop in connection fee revenues. Citi analyzed EID's debt structure and identified that the most cost-effective option was to target select maturities of the Series 2003 Certificates of Participation and re-allocate those payments in years that had lower payments. The financing team worked quickly to re-model payments, draft legal documents, secure ratings, conduct a marketing campaign, and price the bonds: from start to finish, we were able to deliver funds to EID and alleviate payment obligations 30 days from the date we were hired and maintained their ratings at the A1/A level.



**City of Stockton**  
Rating: "A/A" (S&P/Fitch)

Citi sole managed the City of Stockton's 2009 \$154 million taxable and \$18 million tax-exempt Water Revenue Bonds to finance the initial phase of design and construction related to the Delta Water Supply Project (DWSP). The 2009 Bonds were structured to produce the most economically advantageous mix of tax-exempt and taxable Build America Bonds amortizing between 2012 and 2038 to preserve room at the back-end of the structure to layer in variable rate completion bonds in 2010. The sale received excellent support from a number of targeted taxable investors who over subscribed the taxable offering during the 1-day order period. Additionally, Citi aggressively priced the tax-exempt bonds and were successful in placing \$10.9 million with retail investors and agreed to underwrite the balance for the benefit of the City.





**Mojave Water Agency**  
Rating: "AA Stable" (S&P)

Citi worked closely with Fieldman, Rolapp & Associates on the Mojave Water Agency's October 2009 offering of \$39 million of Water Revenue COPs, a team effort focused on financing the acquisition of the State Water Project Table A entitlement from Dudley Ridge Water District (DRWD). The Agency is a groundwater management agency and wholesale water agency located primarily east of Los Angeles, covering 4,900 square miles of the land and including small and medium sized communities and large areas of undeveloped land. The Agency's boundaries are located in the south-central Mojave Desert in Southern California.

Fieldman, Rolapp & Associates and Citi worked hard to establish the Agency's inaugural credit for the identified stream of revenues, and to leverage the Agency's strong AA credit rating to issue the bonds without a reserve fund. Given the substantial disconnect between borrowing rates and reinvestment rates in the market at the time of pricing, the opportunity to issue the Agency's bonds without a reserve fund saved the Agency a significant amount of money that would have been lost to negative arbitrage. Despite volatile market conditions, Citi was able to lock-in aggressive pricing on the Agency's bonds by procuring \$28.7 million of institutional orders for Mojave Water Agency on their \$39.3 million financing. Citi underwrote 15% of the financing to protect the yields established during the sale. The balance of bonds went to retail investors.

## 2. TEAM

Please provide a proposed project team and brief resumes. Please provide experience over the last 5 years with:

- a. California water and/or wastewater revenue debt obligations (including revenue certificates of participation) (senior manager only)

The core Citi banking team assembled to serve the District has been organized with a single goal in mind: delivering the highest level of service to the District. The staffing of our team will be organized for optimal responsiveness. All of these professionals have been selected based on their specific, relevant experience in the areas most important to the District. For full resumes please refer to Appendix B.

Name Title	Contact Information	Role/ Location	Brief Summary of Experience
<b>Investment Banking Team</b>			
<b>David Houston</b> Managing Director (916) 488-4750 david.houston@citi.com		<b>Overall Responsibility</b> Sacramento	David manages Citi's National Water practice and has managed more than 700 water transactions totaling more than \$45 billion. Prior to joining Citi in 1989, David had 15 years of management experience with local and federal agencies. Over the last 5 years, David has senior managed 85 California Water financings totaling \$7.4 billion. 36 years of water utility experience.
<b>Cameron Parks</b> Director (213) 486-7130 cameron.parks@citi.com		<b>Day-to-day Banking</b> Los Angeles	Cameron joined Citi following a number of years at one of the nation's leading financial advisory firms. He is a utilities expert who has extensive experience in a wide variety of transactions and products. Over the last five years, Cameron has senior managed California Water financings totaling \$4.5 billion and has 13 years of water utility experience.
<b>Jonathan Ash</b> Associate (415) 951-1745 jonathan.a.ash@citi.com		<b>Transaction Execution</b> San Francisco	Jonathan has been a member of Citi since 2005 and has worked in the public finance department for more than four years. He has worked closely with Water issuers nationally and in California to provide them with ongoing analyses and transaction execution.
<b>Roman Stahl</b> Analyst (213) 486-7179 roman.stahl@citi.com		<b>Analytic Support</b> Los Angeles	Assist California issuers on transaction analysis and document support; 1 year of experience.
<b>Underwriting Team</b>			
<b>Ron Blake</b> Director (213) 486-8832 ronald.blake@citi.com		<b>Head Tax-Exempt Underwriter – West Coast</b> Los Angeles	Ron manages Wall Street's largest municipal trading and underwriting desk on the West Coast, which trades approximately \$400-\$500 million municipal bonds weekly. 25 years of municipal bond experience



**CITI'S SENIOR AND CO-MANAGER WATER AND WASTEWATER EXPERIENCE**  
(June 1, 2006 to June 1, 2011)

Sale Date	Issuer	Issue Description	Par Amount (\$ millions)	Citi's Role
07/19/06	San Francisco Public Util Comm	Water Revenue Refunding Bonds	48.7	Senior
08/08/06	San Luis Obispo-California	Water Revenue Bonds	16.9	Co-Manager
08/09/06	So California Metro Water Dt	Water Revenue Bonds	200.0	Co-Manager
08/11/06	Marina Coast Water Dt	Enterprise Revenue COP	42.3	Senior
08/18/06	Central Coast Water Authority	Refunding Revenue Bonds	123.2	Senior
08/22/06	So California Metro Water Dt	Water Revenue Bonds	50.0	Senior
10/05/06	So California Metro Water Dt	Water Refunding Revenue Bonds	45.9	Co-Manager
10/12/06	Central Marin Sanitation Agency	Revenue Bonds	68.1	Co-Manager
11/15/06	San Diego Co Water Auth	Commercial Paper Notes	175.0	Co-Manager
11/16/06	Sanger Public Finance Auth	Lease Revenue Ref Bonds	.5	Co-Manager
11/16/06	Sanger Public Finance Auth	Lease Revenue Ref Bonds	20.3	Co-Manager
11/28/06	Modesto City-California	Wastewater Revenue Bonds	16.5	Senior
01/04/07	Solana Beach Pub Fin Auth	Sub Wastewater Revenue Bonds	9.8	Senior
01/05/07	Westlands Water Dt	Rev Certificates of Participation	36.8	Senior
01/11/07	Imperial Irrigation Dt	Revenue Commercial Paper Warrants	14.0	Senior
02/06/07	Orange Co Water Dt	Revenue Refunding COPs	11.3	Senior
02/21/07	Otay Water Dt	Rev Certificates of Participation	42.0	Senior
03/08/07	Los Angeles Co Sanit Dt Fin Auth	Capital Projects Revenue Bonds	134.5	Co-Manager
05/02/07	Central Basin Municipal Water Dt	Refunding Revenue COPs	34.7	Senior
05/08/07	East Bay MUD	Water Sys Sub Revenue Ref Bonds	504.8	Senior
05/16/07	Orange Co Water Dt	Second Lien Revenue Ref COPs	23.8	Senior
05/18/07	So California Metro Water Dt	Water Revenue Bonds	400.0	Senior
05/22/07	East Bay MUD	Water Sys Sub Rev Ref Bonds	120.0	Senior
06/06/07	So California Metro Water Dt	Water Revenue Refunding Bonds	100.0	Senior
07/30/07	West Basin Municipal Water Dt	Refunding Revenue COPs	18.2	Senior
08/01/07	Hayward City-California	Sewer Revenue Refunding Bonds	9.9	Senior
10/16/07	Roseville City-California	Water Utility Revenue COPs	53.7	Co-Manager
10/18/07	Concord City-California	Certificates of Participation	12.8	Senior
11/08/07	R E Badger Water Fac Fin Auth	Water Revenue Refunding Bonds	20.7	Senior
11/14/07	Watsonville City-California	Water Revenue Bonds	27.3	Senior
11/15/07	Westlands Water Dt	Certificates of Participation	20.9	Senior
01/16/08	Chino Basin Regional Fin Auth	Revenue Bonds	125.0	Senior
03/19/08	East Bay MUD	Waste Water Sys Sub Rev Ref Bonds	69.3	Senior
03/19/08	East Bay MUD	Water Sys Sub Rev Ref Bonds	322.5	Senior
03/19/08	East Bay MUD	Water Sys Sub Rev Refunding Bonds	332.0	Senior
03/19/08	Rancho Calif Wtr Dt Fin Auth	Refunding Revenue Bonds	159.6	Co-Manager
03/24/08	East Bay MUD	Wastewater Sys Revenue Ref Bonds	50.0	Senior
03/24/08	So California Metro Water Dt	Water Revenue Refunding Bonds	250.6	Senior
03/26/08	East Bay MUD	Wastewater Sys Sub Rev Ref Bonds	65.3	Senior
04/07/08	Orange Co Water Dt	Refunding Revenue COPs	119.7	Senior
04/14/08	Chino Basin Regional Fin Auth	Revenue Refunding Bonds	55.7	Senior
04/22/08	Kern Co Water Agency	Water Rev Certs of Participation	36.6	Senior
04/22/08	Kern Co Water Agency	Water Rev Certs of Participation	84.4	Senior
04/23/08	East Bay MUD	Water Sys Sub Revenue Ref Bonds	160.0	Senior
04/24/08	California Dept of Wtr Resources	Water System Revenue Bonds	632.9	Co-Manager
04/29/08	El Dorado Irrigation Dt	Ref Rev Certs of Participation	110.7	Senior
04/29/08	Westlands Water Dt	Refunding Revenue COPs	30.1	Senior
05/01/08	San Diego Co Water Auth	Water Revenue COPs	558.0	Co-Manager
05/02/08	West Basin Municipal Water Dt	Refunding Revenue COPs	128.7	Senior
05/05/08	Castaic Lake Water Agency	Ref Rev Certs of Participation	39.3	Senior
05/12/08	Sacramento Suburban Water Dt	Ref Certificates of Participation	75.1	Senior
05/19/08	Central Basin Municipal Water Dt	Ref Rev Certs of Participation	35.0	Senior
06/04/08	So California Metro Water Dt	Water Revenue Refunding Bonds	133.4	Senior
06/17/08	Eastern Municipal Water Dt	Water & Sewer Revenue Ref COPs	54.4	Senior
06/25/08	Santa Rosa City-California	Water Revenue Bonds	13.9	Senior
06/25/08	Santa Rosa City-California	Wastewater Revenue Bonds	48.6	Co-Manager
07/10/08	So California Metro Water Dt	Water Revenue Refunding Bonds	79.0	Co-Manager
07/11/08	Fresno City-California	Sewer System Revenue Bonds	159.8	Senior
07/29/08	Eastern Municipal Water Dt	Wtr & Swr Rev & Ref COPs	104.8	Senior
08/20/08	Eastern Municipal Water Dt	Water and Sewer Revenue COPs	140.0	Senior



**Big Bear Municipal Water District**  
Request for Qualifications for Underwriting Services

June 22, 2011  
Appendix A

Sale Date	Issuer	Issue Description	Par Amount (\$ millions)	Citi's Role
09/04/08	Madera Co-California	Limited Obligation Imp Bonds	3.4	Senior
01/15/09	So California Metro Water Dt	Water Revenue Bonds	200.0	Co-Manager
01/21/09	San Jose-Santa Clara Wtr Fin Au	Sewer Revenue Refunding Bonds	21.4	Senior
01/23/09	El Dorado Irrigation Dt	Rev Certificates of Participation	132.3	Senior
01/27/09	Los Angeles Dept of Wtr & Power	Water System Revenue Bonds	150.0	Co-Manager
03/10/09	California Dept of Wtr Resources	Water System Revenue Bonds	287.7	Co-Manager
03/20/09	San Luis & Delta-Mendota Wtr Au	Revenue Notes	50.0	Senior
03/31/09	San Juan Capistrano-California	Rev Certificates of Participation	11.1	Senior
04/23/09	Orange Co Sanitation Dt	Certificates of Participation	200.0	Senior
04/24/09	San Diego Co Water Auth	Commercial Paper Notes	27.5	Co-Manager
05/06/09	San Diego Public Facs Fin Auth	Senior Sewer Revenue Bonds	453.8	Co-Manager
05/14/09	San Diego Public Facs Fin Auth	Senior Sewer Rev Ref Bonds	634.9	Senior
06/09/09	Sacramento Suburban Water Dt	Refunding Revenue COPs	36.2	Senior
06/11/09	Kings River Conservation Dt	Revenue Certs of Participation	3.6	Senior
06/18/09	San Juan Water Dt	Rev Certificates of Participation	30.5	Senior
06/29/09	Sacramento Suburban Water Dt	Refunding Revenue COPs	42.0	Senior
07/30/09	So California Metro Water Dt	Water Revenue Bonds	87.5	Co-Manager
07/30/09	So California Metro Water Dt	Water Revenue Bonds	162.5	Co-Manager
08/06/09	Orange Co Muni Water Dt	Revenue Refunding COPs	130.1	Senior
08/11/09	Stockton Public Fin Authority	Water Revenue Bonds	18.6	Senior
08/11/09	Stockton Public Fin Authority	Water Revenue Bonds	154.6	Senior
09/17/09	Padre Dam Muni Water Dt	Certificates of Participation	53.7	Senior
09/29/09	Napa Sanitation Dt	Refunding Revenue COPs	26.7	Co-Manager
10/16/09	Mojave Water Agency	Revenue Certs of Participation	39.4	Senior
11/17/09	California Dept of Wtr Resources	Water System Revenue Bonds	169.1	Co-Manager
11/19/09	Los Angeles Dept of Wtr & Power	Water System Revenue Bonds	346.1	Senior
12/15/09	Belmont Jt Powers Financing Auth	Sewer Treatment Fac Revenue Bonds	8.5	Senior
01/14/10	Atwater Public Finance Authority	Wastewater Revenue Bonds	54.3	Co-Manager
01/21/10	San Diego Co Water Auth Fing Agcy	Water Revenue Bonds	98.5	Senior
01/21/10	San Diego Co Water Auth Fing Agcy	Water Revenue Bonds	526.1	Senior
02/17/10	El Dorado Irrigation Dt	Refunding Revenue COPs	14.8	Senior
03/24/10	Carpinteria Valley Water Dt	Ref Rev Cert of Participation	8.5	Senior
03/24/10	Montecito Water Dt	Refunding Revenue COPs	13.4	Senior
03/31/10	Otay Water Dt	Water Revenue Bonds	13.8	Senior
03/31/10	Otay Water Dt	Water Revenue Bonds	36.4	Senior
04/06/10	San Diego Public Facs Fin Auth	Senior Sewer Revenue Ref Bonds	161.9	Senior
04/16/10	Castaic Lake Water Agency	Retail System Revenue COPs	14.5	Senior
05/11/10	Indian Wells Redev Agency	Consol Whitewater Tax Allocation	10.9	Senior
05/11/10	Orange Co Sanitation Dt	Wastewater Revenue Obligations	80.0	Senior
06/30/10	Chino Basin Regional Fin Auth	Refunding Revenue Bonds	3.5	Senior
06/30/10	Chino Basin Regional Fin Auth	Refunding Revenue Bonds	42.1	Senior
07/14/10	So California Metro Water Dt	Water Revenue Refunding Bonds	88.8	Co-Manager
08/11/10	Goleta Water Dt	Rev Certificates of Participation	33.9	Senior
10/13/10	Rancho Calif Wtr Dt Fin Auth	Revenue Bonds	100.8	Co-Manager
10/20/10	Stockton Public Fin Authority	Water Revenue Bonds	55.0	Senior
11/03/10	Delano Earlhart Irrigation Dt	Revenue Certs of Participation	26.0	Senior
11/18/10	Saucellito Irrigation Dt	Certificates of Participation	6.4	Senior
11/30/10	Los Angeles Dept of Wtr & Power	Water System Revenue Bonds	492.7	Co-Manager
12/09/10	Mesa Consolidated Water Dt	Rev Certificates of Participation	21.5	Senior
12/13/10	Pasadena City-California	Water Revenue Bonds	4.6	Senior
12/13/10	Pasadena City-California	Water Revenue Bonds	25.4	Senior
12/15/10	San Francisco Public Util Comm	Water Revenue Bonds	181.0	Senior
12/16/10	So California Metro Water Dt	Water Revenue Bonds	250.0	Senior
05/11/11	Tustin Public Financing Auth	Water Revenue Bonds	20.8	Senior
05/18/11	Soquel Creek Water Dt	Certificates of Participation	16.8	Co-Manager
<b>COUNT: 115</b>		<b>TOTAL:</b>	<b>12460.5</b>	



**Investment Banking Team**

**Dave Houston**

*Managing Director*

**San Francisco, CA**

*Phone: 916.488.4750*

Mr. Houston is the Head of our National Water Infrastructure Group and a Water System Finance Specialist. Mr. Houston has been in the water industry for more than 36 years. Prior to joining Citigroup in 1990, Mr. Houston had 15 years of management experience with local and federal agencies where he managed some of the largest water projects in the country. Since joining Citi, Mr. Houston has senior managed water and wastewater financings totaling in excess of \$45 billion including fixed rate, variable rate, commercial paper, long- and short-term issues and has managed complex transactions with swaps, derivatives and multiple parties. Mr. Houston has senior managed more than 700 engagements for public water enterprises all across the country including as examples, transactions for Central Basin MWD, Central Coast Water Authority, Castaic Lake Water Agency, Eastern MWD, East Bay MUD, Cities of Detroit, Fresno, Honolulu, Houston, Los Angeles, Portland, San Antonio, San Diego, Stockton, Tacoma, and Tucson, The Guam Water Authority, Las Vegas Valley Water District, Southern Nevada Water Authority, Truckee Meadows Water Authority, Washington DC Water and Sewer Authority, Inland Empire Utilities Agency, Metropolitan Water District of Southern California, Sacramento Suburban Water District, Mojave Water Agency, MWD of Orange County, Orange County Water District, Orange County Sanitation District, Peace River Water Authority, San Diego County Water Authority, San Luis and Delta Mendota Water Authority, Santa Clara Valley Water District, Tampa Bay Water, West Basin MWD, Westlands Water District and many others. He is a Registered Representative with the NASD and MSRB (Series 52, 53, 63 and 79).

**Cameron Parks**

*Director*

**Los Angeles, CA**

*Phone: 213.486.7130*

Cameron joined Citi following a number of years at the nation's leading financial advisory firm where he worked in the firm's utility and airport practices on the West Coast. Cameron works almost exclusively with California utility clients on a wide variety of transactions and products including: swaps, refinancing, prepayments, debt restructurings, asset/liability management, new project financings, and merger and acquisition engagements. Public utility clients he has worked with include: Metropolitan Water District of Southern California, East Bay Municipal Utility District, Orange County Water District, Inland Empire Utilities Agency, Central Basin Municipal Water District, Irvine Ranch Water District, Westlands Water District, West Basin Municipal Water District, Santa Clara Valley Water District, El Dorado Irrigation District, City of Roseville, City of Lodi, NCPA, Redding Electric Utility, SCPA, City of Anaheim, City of Riverside, City of Burbank, San Luis Obispo County, Contra Costa Water District, Las Vegas Valley Water District, among others. He is a Registered Representative with the NASD and MSRB (Series 52, 63 and 79).

**Jonathan Ash**

*Associate*

**San Francisco, CA**

*Phone: 415.951.1745*

Jonathan provides day-to-day and ongoing analytical, technical and quantitative support for municipal clients across multiple sectors, including state-level governments, public utilities, transportation authorities, and public water systems, agencies and districts. Jonathan has extensive water system experience throughout California, having worked the El Dorado Irrigation District, Montecito Water District, Carpinteria Valley Water District, Inland Empire Utilities Agency, the City of Stockton, Delano-Earlimart Irrigation District, San Luis Delta Mendota Water Authority, Mesa Consolidated Water District, Castaic Lake Water Agency, Westlands Water District, Metropolitan Water District of Southern California, as well as the California Department of Water Resources. He graduated Magna Cum Laude from the University of Tampa with a Bachelor of Science in Finance, completing honors curriculum in his discipline. He is a Registered Representative with the NASD and MSRB (Series 52 and 63) and Corporate Investment Banker (Series 79).

**Roman Stahl**

*Analyst*

**Los Angeles, CA**

*Phone: 213.486.7179*

Roman joined Citi's Los Angeles Public Finance Department in August 2010 after graduating with a Bachelor of Science degree in Financial Mathematics and Statistics with Honors from UCSB. He has experience working with various California and Nevada Issuers. Roman is a Registered Representative with the NASD (Series 7, 63 and 79).



**Underwriting & Marketing**

**Ron Blake**

*Director, California Tax-Exempt Underwriting*

**Los Angeles, CA**

*Phone: 213.486.8817*

Mr. Blake has over 20 years of experience trading and underwriting municipal securities in California. He started his career at Franklin Research managing a \$2 billion high yield bond portfolio. He then moved on to Morgan Stanley where he traded municipal revenue bonds. For the past year he has managed Citi's proprietary trading desk. Currently, Ron manages Wall Street's largest municipal trading and underwriting desk in California, which on average trades between \$300-\$350 million California tax-exempt bonds on a weekly basis. Ron graduated from the University of California, Berkeley. Ron holds a Series 53 License.





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Prior to entering into any Transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such Transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any Transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any Transaction) and our disclaimer as to these matters. By acceptance of these materials, you and we hereby agree that from the commencement of discussions with respect to any Transaction, and notwithstanding any other provision in this presentation, we hereby confirm that no participant in any Transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such Transaction.

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efficiency, renewable energy & mitigation





**Response to Request for Proposal for Underwriting Services**



**Big Bear Municipal Water District**  
*Revenue Certificates of Participation, Series 2011*

**Submission Date: June 22, 2011**

**Bank of America**   
**Merrill Lynch**



Mr. Scott Heule  
General Manager  
Big Bear Municipal Water District  
P.O. Box 9863  
Big Bear Lake, CA 92315

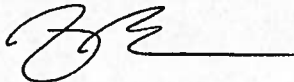
Dear Mr. Heule:

On behalf of Bank of America Merrill Lynch ("BofA ML"), we are pleased to submit this proposal to provide underwriting services for the Big Bear Municipal Water District ("District") for its 2011 Certificates of Participation financing. While our credentials are detailed herein, we particularly would like to highlight certain unique aspects of our qualifications that set us apart from other Wall Street and regional investment banks:

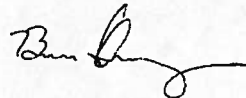
- *BofA ML finished 2010 as the "Number One" ranked senior manager of municipal bonds as well as the "Number One" ranked senior manager of municipal water and wastewater financings; and*
- *Our Merrill Lynch retail distribution network consists of 1,354 wholly-owned retail brokerage offices nationally. In California, the Merrill Lynch "Thundering Herd" is comprised of 1,900+ local retail brokers, who manage over \$194 billion in retail assets. Importantly, within San Bernardino County alone, we have 3 retail brokerage offices (Ontario, Chino, and San Bernardino) dedicated to serving the local community; and*
- *The bankers assigned to the District have tremendous experience working with municipal issuers in the Inland Empire. Our thorough understanding of the credits and challenges associated with the region have benefited issuers such as Lake Arrowhead Community Services District, Riverside Public Utilities, Rancho California Water District, Eastern Municipal Water District, Western Municipal Water District, and Yucaipa Valley Water District.*
- *Even more importantly, members of our banking team have served the City and the District on virtually all of their utility financings since the City's original acquisition financing in 1989.*

BofA ML would greatly appreciate the opportunity to serve as the District's underwriter for this important financing, and if selected in this capacity, we pledge to deliver the highest quality investment banking services in a hardworking, professional and straightforward manner. If you have any questions or require additional information, please do not hesitate to contact either of us directly.

Sincerely,



Jeffrey D. Bower  
Managing Director  
(213) 345-9580



Bruce Huang  
Vice President  
(213) 345-9577

cc: Mr. Robert Porr, Fieldman, Rolapp & Associates  
Mr. Josh Lentz, Fieldman, Rolapp & Associates

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## II. QUESTIONS

### 1. RETAIL AND INSTITUTIONAL SALES CAPABILITIES

#### RETAIL DISTRIBUTION CAPABILITIES

To secure the lowest cost of funding for the District's transaction, BofA ML will target retail buyers as the least yield sensitive investors. Fortunately, the District's proposed financing is "retail friendly" for the following reasons:

- *Amortization* – Approximately 85% of the bonds will mature within 10 years, which is where retail investors are aggressively placing orders
- *Legal Structure* – By consolidating the 1996 Revenue Bonds and 2003 COPs under a unified legal framework, the structure will resemble traditional water/wastewater financings, which resonates with retail investors
- *"Revenue Bonds"* – Assuming the bonds are issued as "Revenue Bonds" (under the State's refunding law or through a JPA), retail investors will be more comfortable and familiar with the structure than if the obligation is offered as "COPs"
- *Name Recognition* – The "Big Bear" name is well known among Southern California residents, primarily due to tourism related activities surrounding the lake and mountains. This will significantly boost local retail marketing efforts

Given these characteristics, the District would be best served by an underwriter with significant local and national retail distribution capabilities. As one of the nation's largest retail brokerage firms, our investor reach is second to none. Importantly, unlike many of our competitors who have only limited access to retail investors through joint ventures, third-party agreements and electronic clearing houses, *our wholly-owned Merrill Lynch retail distribution system is an integral component of the Bank and part of a consolidated management structure within our Municipal Securities Group.*

**National Retail Distribution:** Merrill Lynch is perennially ranked as one of the top firms in primary and secondary market sales of municipal bonds to retail investors by the McLagan Survey (an independent survey of major investment banks). Highlights of our distribution system are provided in the accompanying table.

Merrill Lynch Retail Distribution System
15,000 Financial Advisors (brokers) in 1,354 Domestic Offices
1,994 Financial Advisors in 163 California Retail Offices
6+ Million Domestic Retail Accounts
#2 Market Share of Retail Muni Sales Nationally (26.04%)*
#2 Market Share of Retail Muni Sales in California (25.41%)*
\$2.0+ Trillion of Assets under Management

\* 2010 McLagan Survey.

**California Retail Distribution:** Notably, our Merrill Lynch California retail distribution network is comprised of almost 2,000 retail financial advisors (brokers) located in 163 offices throughout the State. *Within San Bernardino County alone, we have 3 retail brokerage offices (in Ontario, Chino, and San Bernardino) dedicated to serving the local community.*

#### Merrill Lynch's San Bernardino County Retail Brokerage Offices



#### RECENT RETAIL PERFORMANCE

In recent weeks, we served as senior manager for \$426 million of Combined Utility System First Lien Revenue Bonds for the City of Houston, *and accounted for almost 60% of the syndicate's retail orders.* During that same week, we served as a co-manager for the Metropolitan Water District of Southern California's \$168 million Water Revenue Refunding Bonds, and *submitted over \$10 million in retail orders despite being only a 5% co-manager.*

### INSTITUTIONAL DISTRIBUTION CAPABILITIES

BofA ML also consistently has been ranked as a leading institutional firm by various industry sources. The depth and breadth of our institutional sales coverage allows us to access the top-tier accounts which represent more than 75% of institutional investors, as well as the second and third tier accounts which can provide additional distribution access. This distribution system is summarized in the accompanying table.

BofA ML's Institutional Distribution System
670+ Institutional Salespeople in 38 countries worldwide
339 Institutional Salespeople in 40 Domestic Offices
#1 Ranked Global Institutional Sales force*
#1 Ranked Domestic Institutional Sales force*

\*Independent survey of the 200 largest institutional investors.

### 2. OTHER/NON-TRADITIONAL INVESTOR SALES CAPABILITIES

As previously noted, given the size and credit quality of the District's financing, we anticipate that retail demand will account for a majority of the loan. That said, BofA ML also is well positioned to deliver institutional and/or non-traditional investors, as needed, to secure the lowest cost of funds.

#### MARKETING AND DISTRIBUTION TO NON-TRADITIONAL INVESTORS

Given the current volatile market environment, the District's underwriter should be a firm with broad distribution capabilities and the ability to market bonds to multiple investor segments, including taxable and non-traditional investors in municipal bonds. For example, during 2009 to 2010, when the Build America Bond program was in effect, there was so much taxable supply that issuers had to market to crossover investors. During this period, BofA ML emerged as the top underwriter due to our ability to tap into non-traditional investors and effectively educate these crossover buyers on municipal credits.

#### SALES AND MARKETING ELECTRONIC PLATFORMS

BofA ML utilizes the latest technology to maximize distribution for our municipal clients. In fact, BofA ML's operating systems are recognized among the best on Wall Street, including:

**Liquidity Management System (LMS):** This system is designed to help institutional investors achieve efficiency and cost-effectiveness in managing their money market investment needs. Trades can be executed and confirmed on-line via a Bloomberg terminal, helping to facilitate investor purchases and broadening distribution. By making execution easier for investors, BofA ML increases investor demand for our offerings.

**Bond Market (MLBM):** MLBM is a web-based trading platform used by our retail financial advisors (brokers) to search for fixed and variable-rate bonds. This secondary market platform provides a quick and easy way to search, scan and execute fixed or variable rate trades for bonds in inventory. Notably, MLBM delivers detailed information and functionality that indirectly enhances an issuer's marketing efforts. The Firm invested heavily in developing this technology and training our salespeople on utilizing the MLBM platform. The accompanying screen shot illustrates how easy and efficient it is to search for bonds and execute trades.



**IPREO:** We also have web based systems in place to maximize communication and efficiency during pricing. Our most commonly utilized medium of communication is the IPREO system, which we use to monitor the inflow of orders during both the retail and institutional order periods. Our issuer clients find this program helpful, and importantly, it is accessible from remote locations.

#### PROVEN ABILITY TO MARKET NON-TRADITIONAL STRUCTURES

As the leading underwriter of municipal bonds, BofA ML has the ability to identify pockets of demand that may be receptive to non-traditional structures. A prime example is our recent success offering BofA ML's Muni-Steps<sup>SM</sup> structure as part of an issuer's product diversification. Muni-Steps<sup>SM</sup> is a step

coupon structure which provides a fixed coupon to investors for an initial period (for example 5 years) after which the coupon steps up over certain specified intervals until the bond matures. However, should interest rates fall, the issuer has the ability to call the bond in as little as 3 to 5 years at par. Importantly, Muni-Steps<sup>SM</sup> offers municipal issuers the flexibility of this shorter par call (relative to a traditional 10-year par call) at a similar cost to conventional fixed rate bonds. Most recently, BofA ML assisted Energy Northwest with the successful placement of \$20 million of Muni-Steps<sup>SM</sup> entirely to retail investors as part of its strategy to remove a sizable block of bonds from a larger maturity on the weakest part of the yield curve.

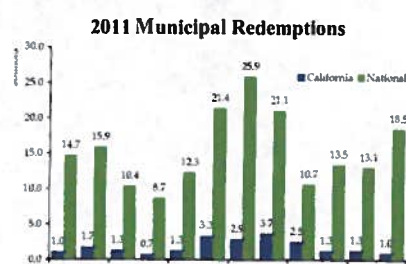
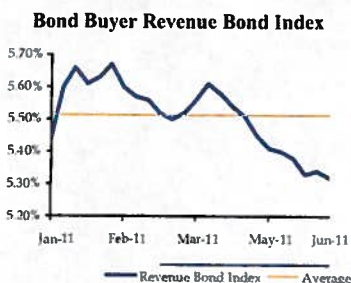
### 3. TRANSPARENCY FOR NEGOTIATED PRICING

As underwriter, our goal is to fully integrate the District and your Financial Advisor into the marketing and sales process. Examples of how we accomplish this include:

- **Frequent Market Update Calls:** Throughout the transaction, BofA ML will provide the District with frequent market updates to ensure that the District is fully apprised of market conditions.
- **Coordination with Tax Counsel:** BofA ML will work with tax counsel to ensure that all structuring and pricing decisions will have no negative impact on the District's bonds.
- **Municipal Monitor:** I-Deal has a Municipal Monitor feature that will allow the District and its Financial Advisor to see the order flow during pricing in real-time. The Monitor also will have the ability to "drill" down into individual maturities so the District can see which manager submitted orders and who the investors are investors behind the orders.
- **Pricing at BofA ML's Los Angeles Office:** We invite the District and its Financial Advisor to attend the pricing in-person at our Downtown Los Angeles office. We will provide live feedback from our underwriting desk in New York, as well as our Los Angeles retail marketing desk.
- **Pricing Comparables:** As pricing approaches, we will provide recent transactions of comparable security, credit, size, etc. that investors may look to as we enter the market.
- **Final Pricing Summary:** Prior to the closing of the bond issue, we will provide to the District a breakdown of the orders and allotments as part of our Final Pricing Summary for the issuance.

### 4. STRUCTURING, RATING AGENCY AND MARKETING STRATEGY

**Financing Strategy.** *The District is well positioned in today's market to pursue a refunding of the City's outstanding Series 1996 Water Revenue Refunding Bonds and the District's Series 2003 Certificates of Participation. From a timing standpoint, BofA ML would recommend the District pursue these refundings as soon as possible given the fragile nature of this market. Notably, interest rates recently have rallied given the limited supply year-to-date, while municipal redemptions during the summer months continue to provide natural "cash swaps" for new paper in the market. As illustrated below, the District is well positioned to take advantage of low interest rates.*



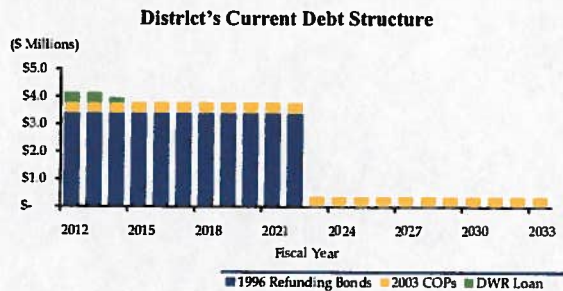
We expect competing local supply from issuers such as Metropolitan Water District of Southern California (priced 6/8), Los Angeles Department of Water and Power (priced 6/17), Los Angeles County Sanitation Districts (pricing 6/29), Eastern Municipal Water District (pricing early July) and San Diego



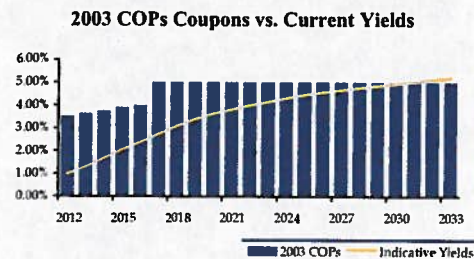
County Water Authority (pricing mid-July). Fortunately, the market has thus far absorbed the calendar of transactions that have come to the market with no material impact on yields.

**Structuring Considerations.** The District has an opportunity to consolidate its existing obligations under the Municipal Water District by combing a refunding of the City’s Department of Water and Power 1996 Water Revenue Refunding Bonds with a refunding of the District’s Series 2003 COPs. A full refunding would allow the District to “clean up” various indentures and bring its outstanding debt under a single governing legal document.

For discussion purposes within our response to the District’s RFP, we have assumed that the District would be able to advance refund the City’s outstanding Series 1996 Revenue Bonds under condemnation provisions given the District’s acquisition intent (subject to bond counsel confirmation). As illustrated in the chart above and to the right, the 1996 bonds comprise the majority of the District’s debt. Notably, these bonds have a short final maturity of 2022.



While a portion of the 2003 COPs generate economic savings in today’s market (shown in the chart to the right, with a detailed bond-by-bond analysis included under **Appendix A**) the 1996 bonds did not include an optional redemption provision, which would allow the District to call these bonds ahead of their maturity date. As such, there would be cost to escrowing to maturity the 1996 bonds, offset by some economic savings from the 2003 bonds. While which there may be little or no present value savings, the District has the opportunity to restructure its debt profile with these two refundings, if desired.



In conjunction with the refundings, the District also should take into account future debt issuances as this would affect the debt profile and affect how the refundings are structured today. To achieve a more “level” aggregate debt service structure, the District might have to effectively extend the final maturity of the 1996 bonds – assuming no new money or the anticipated new money borrowing would not be large enough to wrap. With regards to each of the refunding components for this transaction, we offer the following observations:

- **Series 1996 Water Revenue Refunding Bonds:** The 1996 Water Revenue Refunding Bonds track back to the advance refunding of the 1992 bonds which originally current refunded the District’s 1989 variable rate bonds. Calculating from the initial 1989 issuance date, the amortization structure associated with the 1996 bonds now stretches slightly over 30 years. Water systems and capital projects typically have very long useful lives, which means the bonds could potentially be extended beyond the current 2022 maturity. For any maturity extension, bond counsel would want to review the remaining useful life associated with the assets financed to ensure that the average life of the bonds does not exceed 125% of the useful life. Because the 1996 bonds represent a core amount of the District’s debt, a maturity extension would help to provide lower annual payments and achieve higher debt service coverage ratios going forward.
- **Series 2003 Certificates of Participation:** The proceeds of the 2003 COPs were utilized to finance both new capital needs as well as to refund the 1991 COPs. While the longer dated maturities of the 2003 bonds do not currently provide economic savings, the District should consider defeasing these bonds in their entirety. As discussed further below, the District could move away from the “general fund lease obligation” approach of the existing 2003 bonds and gravitate towards a modern revenue

bond indenture. Based on our initial read of the official statements, all of the 2003 COPs should be advance refundable – the 1991 COPs were current refunded which would maintain the 2003 COP's advance refunding option.

- **DWR Loan:** The District also maintains on a parity lien a DWR Loan of approximately \$5 million issued in June 1993. Our understanding is that the loan has an interest rate of 2.955% for repayment by 2013. Given the assets associated with this loan, the District could also contemplate refinancing this loan and extend the final maturity of new the bonds (assuming useful life does not prohibit an extension). As an example, the District can still achieve favorable interest rate (e.g. 3.83% in 10-years) if it chose to amortize the remaining balance of this loan over this timeframe.

While the District could choose to continue with its existing structure, the 2003 legal framework was developed in a mirror image to a General Fund Certificate of Participation (i.e. lease bond structure). For example, to bring the 1996 bonds under this agreement, the capacity for additional obligations would be dependent on the amount of pledged assets rather than be governed by traditional additional bonds test. With this opportunity to begin a new legal framework, the District should consider bringing together all of its debt under a single revenue bond indenture with more modernized key legal provisions. However, to bypass the existing legal structures already in place, all of the 1996 and 2003 bonds likely would need to be refunded in their entirety. In developing a new legal framework, we offer the following insights for the District's consideration:

- **COPs vs. Revenue Bonds:** The District could consider selling "Revenue Bonds" instead of "COPs." While both COPs and Revenue Bonds ultimately are tied to the same District enterprise credit, investors in the current market have a negative bias toward COPs and generally would penalize this structure by up to 25-35 bps due to concerns over secondary market liquidity. In order to issue "Revenue Bonds," the District could (1) utilize the State law for refundings, or (2) issue through JPA under Marks-Roos. While either the JPA or refunding law approach should work equally well, utilizing the refunding law approach would allow the District access the market more quickly than setting up a JPA. We note that, BofA ML is currently assisting Eastern Municipal Water District with the same approach in preparation for the sale of their refunding transaction.
- **Reserves - Rate Stabilization Fund ("RSF") and Operating Cash Levels:** To mitigate potential volatility in property taxes or water service charges, the District could consider setting aside up to one year's worth of debt service payments within a RSF. In determining the ongoing deposit amount, the District could utilize a policy guideline (rather than a legal covenant) to determine the monies to be maintained in the RSF as well as operating cash on hand (e.g. 90 days). Given the uncertainties at the State level, both of these policy procedures would assuage rating agency and investor concerns for any potential ERAF shift or change in property tax receipts that could negatively affect the District.
- **Debt Service Reserve Fund ("DSRF") and Set-Asides:** While the trend for highly rated essential service utilities has been toward a reduced DSRF, the appropriate funding level also depends on other expected security features (e.g. rate covenant, ABT, RSF, etc.). In the current market environment, minimizing the DSRF would reduce negative arbitrage in cash funded reserves as well as decrease the financing costs. A monthly set-aside requirement under the flow of funds would potentially reduce the need for a traditional DSRF.
- **Rate Covenant and Additional Bonds Test ("ABT"):** Investors and rating analysts would expect the District to include a rate covenant (i.e. raise rates and charges, as needed, in order to satisfy debt service requirements). Depending on the District's rating objective, a higher coverage covenant would offer more security to protect bondholders, but restrict the District's flexibility. This concept also would apply to the ABT. However, unlike the District's original 1991 Indenture, the District could choose to utilize either a historical or projected ABT (but would not need both).
- **Assured Guaranty – Bond Insurance and Surety Policy:** We believe that bond insurance would not add much, if any value to either an "AA" or "A" rated District transaction.

- **Optional Prepayment from Insurance or Condemnation Proceeds:** If permissible under the Installment Sale Agreement, we would recommend that the District consider removing this provision for its upcoming sale to avoid any potential yield penalty. While it adds some future protection, investors in some cases have penalized pricing due to either unfavorable reaction in mimicking lease provisions as well limitations on premium coupon structures to protect themselves against early calls.
- **Escrow and Redemption Notice:** Given that the SLGs window is currently closed, the District would need to consider funding its escrow with Open Market Securities. Based on our initial read of the 1996 Official Statement, it is unclear whether a conditional notice is allowed. If the notice is non-conditional, the District may want to consider providing a call notice to bondholders only when the refunding bonds have been delivered. As such, the District likely would need to gross fund its escrow requirements or bid out for Open Market Securities to net fund. Regardless, we would assist the District and its Financial Advisor in comparing the relative economic value in pursuing Open Market Securities with a short escrow.

**Structuring Enhancements.** In conjunction with this refunding, the District could evaluate its financial plan and consider opportunities to build up reserves. In contemplation of the District's upcoming refunding, we also offer potential enhancements with products, such as the Muni-Steps<sup>SM</sup>, or amortizing debt more rapidly with semi-annual principal to take advantage of today's steep yield curve.

- **Building Reserves:** We understand that the City and District have made cash contributions with PAYGO for capital improvements. Accordingly, the District might consider delaying principal on the refunding bonds to rebuild reserves. Alternatively, if the District had reimbursement resolutions in place for the cash funded projects, the District could consider selling a new money piece in conjunction with the proposed refunding.
- **BofA ML's Muni-Steps<sup>SM</sup>:** While the proposed financing structure already should have significant appeal to retail investors, the District also could consider selling either a portion or all of the longer maturities as Muni-Steps<sup>SM</sup> – a BofA ML product targeted to retail buyers. This structure is an alternative to traditional fixed coupon bonds that is easy to implement and incorporates a short optional call with all-in pricing similar to conventional serial bonds. Notably, Muni-Steps<sup>SM</sup> require only minimal additional disclosure and no changes to the other legal documents.
- **Semi-Annual Principal:** Given the steepness of the yield curve, the District could consider utilizing semi-annual principal amortization as a method to further reduce its cost of borrowing (though it is not clear this is allowed under the existing Installment Sale Agreement without a full refunding). The advantage of the large maturity blocks in the proposed refunding is that it would allow for semi-annual principal with sufficient liquidity.

#### RATING AGENCY STRATEGY

The District has an opportunity to present to the rating agencies a consolidated water credit under Big Bear Municipal Water District. By combining the assets and liabilities of both the City's enterprise fund and that of the District, the District will need to demonstrate its ability (both financially and politically) to establish rates and charges necessary in conjunction with property tax receipts to service ongoing debt service payments. As described previously, the District should employ a new revenue bond indenture to mitigate any credit concerns. Specifically, the unusual lease structure associated with the 2003 COPs was cited as a credit weakness that was reflected within the Moody's rating (currently at Baa3). To eliminate the concerns with a lease appropriation structure, the District could choose to utilize a revenue bond framework based on the enterprise fund (i.e. water service charges) while incorporating property tax receipts. Without the lease aspects, other problematic areas such as rental interruption insurance and abatement risk also would be mitigated. As described earlier, eliminating the "lease" aspects in either the security features or the name itself would have a positive marketing impact.

In the current market, investors also have been satisfied with receiving ratings from any two of the three rating agencies with no impact on pricing. However, since this financing would encompass all of the

District's debt, the District could consider approaching all three rating agencies as a starting point. That said, we believe that approaching Fitch could be valuable in obtaining another "A" category rating, especially if Moody's preserves their "A3" rating, representative of the 2003 COPs (the District does not have underlying ratings associated with the 1996 bonds). While many issuers have been sensitive to cost given the recent economic environment and most investors are indifferent when only two ratings are utilized, there could be rationale in initiating dialogue with Fitch as a possible alternative.

In approaching the rating agencies, the District should continue to highlight the positive factors: 1) strong financial operations with ample reserves, 2) balanced financial operations and 3) limited debt burden. As we discussed in our response to the structuring consideration, the District also should consider employing new security features (e.g. rate covenant, ABT, rate stabilization fund, policy for days cash on hand, etc.) in order to obtain the highest credit rating. By offering a more typical legal structure, the District would be able to offset concerns relating to State's financial crisis and water supply issues. Unlike its peers, the District derives a significant portion of its revenues from property tax receipts which currently are viewed as reliable.

For this upcoming rating presentation, rating analysts will be highly focused on the balance between revenues and expenditures. On the cost side, the District is reliant on a long-term water supply contract, which represents the majority of its expenditures. Given the potential for the loss of revenue, the rating agencies may look to "stress tests." In addition, the District also would need to provide assurance of its ability to either 1) raise rates and charges, or 2) cut costs to maintain a balanced budget. Given these potential discussion points, the District's ability to set aside pre-funded reserves (e.g. RSFs) would provide an additional cushion for emergency situations. Ultimately, the rating analysts will want to determine the sustainability of servicing ongoing debt service requirements.

In assisting our local water/water clients (e.g. Rancho California Water District, Eastern Municipal Water District, and Western Municipal Water District, etc.), these factors have been important topics during our annual dialogue with the rating agencies. As part of our commitment to our clients in the District's local area, our continued involvement with rating agencies provides our team invaluable insight and feedback from rating analytics which could be applied to assist the District in developing an effective rating strategy for the proposed financing.

## **5. POTENTIAL CONFLICTS OF INTEREST**

While BofA ML is unaware of all of the potential parties to the contemplated financing, to the best of our knowledge at this time, we are not aware of any existing or potential conflict of interest related to the provision of our services as contemplated herein.




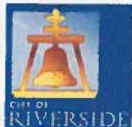




In the past, BofA ML has entered into, and in the future will continue to enter into, Agreements Among Underwriters or other arrangements (for instance, where co-pitches for a particular transaction may have been made or where management fees were to be split among co-managers) with regard to specific financing assignments with other broker/dealers. Further, BofA ML retains many law firms nationwide, including those which may be selected to work on the proposed financing.

In addition, Bank of America Corporation and/or its affiliates ("BAC") comprise a full service securities firm and commercial bank engaged in various activities including, without limitation, securities trading, financing, brokerage, commodities, derivatives trading, financial advisory services, investment management, investment banking, principal investing and other financial services and products for a wide range of clients. BAC may be involved in providing financial services in the ordinary course of its business to the District and certain of these financial services may be as part of or related to this transaction (for example, Bank of America, N.A. may be engaged to provide a credit or liquidity facility, or an interest rate risk management solution). BAC also may provide financial services in the ordinary course of its business to any of the other parties that may be involved in this transaction. BofA ML Public Finance does not consider the participation by BAC as providers of such other financial services to pose a conflict of interest.

## 6. OTHER FACTORS

Bank of America is the largest bank in California with over 46,000 employees, serving half of all households and more than 400 government agencies in the State. *Importantly, within San Bernardino County, our presence includes 42 commercial banking centers and 3 Merrill Lynch retail brokerage offices.*

As it relates to public finance, our banking team has substantial relevant experience working with municipal issuers, including the neighboring Lake Arrowhead Community Services District (“LACSD”) for which we served as Senior Manager in 2009 for \$23.6 million of Water and Wastewater COPs. In order to preserve LACSD’s funding cost, BofA ML underwrote more than 80% of the transaction, allowing LACSD’s COPs to price significantly through the City of Roseville’s \$27.0 million Electric System Revenue Refunding COPs that priced the same day. Please see **Appendix D** for additional detail regarding this transaction. We also provide below certain of our other senior managed transactions for our Inland Empire clients.

<p>San Bernardino County</p>  <p>\$288.73 mm 2009 COPs \$88.945mm 2008 COPs</p>	<p>Riverside County</p>  <p>\$45.685 mm 2009 COPs</p>	<p>Rancho California Water District</p>  <p>\$100.785 mm 2010A Revenue Bonds</p>	<p>Riverside Public Utilities</p>  <p>\$118.535 mm 2008 A&amp;B Wtr Sys Rev Bonds \$209.74 mm 2008D Electric Sys Rev Bonds</p>
<p>Eastern Municipal Water District</p>  <p>2011 Refunding COPs (Pending) \$114.11 mm 2008E&amp;G COPs</p>	<p>Western Municipal Water District</p>  <p>\$102.34 mm 2009A&amp;B Wtr. Revenue Bonds \$11 mm 2009 COPs \$44.345 2008 BANS</p>	<p>Yucca Valley Water District</p>  <p>\$45.73 mm 2004A COPs*</p>	<p>Lake Arrowhead Community Services District</p>  <p>\$23.580 mm 2009 Water and Wastewater COPs</p>

\*Transaction was senior managed by members of our banking team while at their prior firm.

## 7. FEES

We greatly would appreciate the opportunity to work with the District on this important financing. As such, assuming an approximately \$35.0 million “A” category or better rated financing, we are proposing takedowns that are intended to be aggressive, yet still appropriate to our mutual goals of motivating the sales force, ensuring maximum investor participation and achieving the best all-in pricing.

Underwriting Costs - \$35 million		
	Actual Cost	\$/Bond
Average Takedown	\$79,800.00	\$2.280
Management Fee	0.00	0.000
Expenses	26,143.22	0.747
<b>Gross Spread</b>	<b>\$105,943.22</b>	<b>\$3.027</b>

*Fees are reflective of fixed rate, single coupon bonds*

Additional details of our proposed spread (including our expenses) are in **Appendix B**.



**2. PROPOSED PROJECT TEAM**

As illustrated in the accompanying table, BofA ML has assigned an experienced southern California-based team to assist the District. **Jeff Bower**, a Managing Director based in Los Angeles, will serve as lead banker and day-to-day contact, while **Bruce Huang**, a Vice President, will serve as co-lead banker and transaction execution banker for the District. Importantly, both **Cody Press** and **Kevin O'Brien** will serve as Senior Advisors. Mr. Press structured the City's 1989 \$35.2 million acquisition financing. Subsequently in 1992, Mr. Press led which refunded the 1989 water revenue bonds. For the existing 1996 water revenue bond financing, Mr. O'Brien was the senior banker in the refunding transaction of the 1992 water revenue bonds. With respect to the District's 2003 financing, **Rose Wang**, now serves on our team as a retail marketing specialist, and was intimately involved as a banker in developing the financing for the 2003 Certificates of Participation.

BoFA ML Core Banking Team		
<p><b>Jeff Bower</b> Managing Director (LA) Lead Banker &amp; Water Specialist jeffrey.bower@baml.com 213-345-9580</p>	<p><b>Bruce Huang</b> Vice President (LA) Co-Lead Banker &amp; Water Specialist bruce.huang@baml.com 213-345-9577</p>	<p><b>Cody Press</b> Director (LA) Senior Advisor cody.press@baml.com 213-345-9587</p>
<p><b>Kevin O'Brien</b> Director (LA) Senior Advisor k.o'brien@baml.com 213-345-9576</p>	<p><b>Jack Tsang</b> Vice President (LA) Transaction Banker jack.tsang@baml.com 213-345-9578</p>	<p><b>Geoffrey Sauers</b> Analyst (LA) Support Banker geoffrey.sauers@baml.com 213-345-9583</p>
Fixed Rate Underwriting	Retail	Credit
<p><b>Rob Barber</b> Managing Director (NY) Lead Fixed Rate Underwriter robert.barber@baml.com 212-449-5087</p> <p><b>Catherine Crews</b> Vice President (NY) Fixed Rate Underwriter catherine.crews@baml.com 212-449-5081</p>	<p><b>Rose Wang</b> Vice President (LA) California Retail Marketing rose.wang@baml.com 213-345-4345</p> <p><b>Jeff Harris</b> Vice President (LA) California Retail Trading jeff.harris@baml.com 213-345-4344</p>	<p><b>Brad Gewehr</b> Director (NY) Credit Specialist bradley.gewehr@baml.com 646-743-1336</p> <p><b>Sandy Brinkert</b> Director (NY) Investor Relations sandra.brinkert@baml.com 646-743-1312</p>

Complimenting our core banking team are two veteran credit specialists who are experts in rating agency strategies, and investor relations. **Brad Gewehr**, a Director in New York who has over 28 years experience in municipal credit, will provide the District with guidance on how to maximize the District's credit ratings. Mr. Gewehr is BofA ML's dedicated credit strategist for water and wastewater financings. He spent many years as a Managing Director with Moody's leading a team of credit analysts for the water/sewer utility sector. **Sandy Brinkert**, a Director also based in New York, will be responsible for investor relations and responding to any investor inquiries as it relates to the credit worthiness of the future financings. We provide below a detailed organizational chart showing the proposed finance team to assist the District with its future financings.

Detailed resumes for each of our finance team members are provided in **Appendix D**.

**APPENDIX A. REFUNDING MONITOR**

Series	Maturity	Par	Coupon	New Yield	Savings	% Savings	Call Date	Call Price
2003	11/1/2024	\$1,885,000	5.000%	3.605%	\$79,537	4.219%	11/1/2012	100
2003	11/1/2015	165,000	4.000%	2.080%	5,113	3.099%	11/1/2012	100
2003	11/1/2014	160,000	3.900%	1.690%	3,740	2.337%	11/1/2012	100
2003	11/1/2013	150,000	3.750%	1.320%	1,282	0.855%	11/1/2012	100
2003	11/1/2032	2,525,000	5.000%	4.861%	-103,981	-4.118%	11/1/2012	100

*Market conditions as of June 21, 2011. Preliminary and subject to change.*



**APPENDIX B. DETAILED FEES & EXPENSES**

Proposed Underwriters' Discount - \$35 Million Par Amount*		
	<u>Amount</u>	<u>Per Bond</u>
Management Fee	\$0.00	\$0.000
Underwriting Risk	\$0.00	\$0.000
Average Takedown(1)	\$79,800.00	\$2.280
Underwriter's Expenses	\$26,143.22	\$0.747
<b>Total</b>	<b>\$105,943.22</b>	<b>\$3.027</b>

\*Preliminary, subject to change.

Breakdown of Expenses		
	<u>Amount</u>	<u>Per Bond</u>
Underwriters' Counsel(2)	\$20,000.00	\$0.571
Out-of-Pocket(3)	\$1,500.00	\$0.043
CUSIP Fees	\$691.00	\$0.020
Dalcomp/EOE Systems	\$2,480.00	\$0.071
Interest on Day Loan	\$972.22	\$0.028
DTC Charges	\$500.00	\$0.014
<b>Total Expenses</b>	<b>\$26,143.22</b>	<b>\$0.747</b>

(1) Assumes matched maturity structure with fixed coupon bonds, and \$0.75/bond in 2012, \$2.00/bond in 2013-16, \$2.50 in 2017-22 and \$3.00/bond in 2023-33. Additionally, assumes "A" category rated or better.

(2) Assumes disclosure counsel will prepare the Official Statement.

(3) BofA ML reserves the option to request additional expense reimbursement for rating agency presentations, investor roadshows, pricing at locations outside Southern California.

APPENDIX C. BOFA ML'S WATER/SEWER FINANCING EXPERIENCE SINCE 2006

National Water/Sewer Financing Experience

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of BoFA ML
01/17/06	56.075	Southlake City-Texas	TX	Tax & Wtrwrks & Swr Sys Rev	Series 2006	N	E	CO-MGR
01/19/06	37.415	Tennessee Local Dev Auth	TN	State Loan Programs Rev Bonds	2006 Series B	N	E	SOLE
01/20/06	600.345	NYC Municipal Water Finance Auth	NY	Water & Sewer System Rev Bonds	2006 Series B-C & BB	N	E	CO-MGR
01/23/06	10.200	Red Oak City-Texas	TX	Wtrwrks & Swr Sys Certs of Oblig	Series 2006	N	E	LEAD
01/24/06	110.000	South Florida Water Management Dt	FL	Revenue Notes	Series 2006 A & B	N	E	SOLE
02/07/06	36.120	Berkeley Co-South Carolina	SC	Water & Sewer Sys Ref Rev Bonds	Series 2006 A	N	E	SOLE
02/07/06	4.900	Junction City-Kansas	KS	Temporary Notes	Series 2006 A	C	E	LEAD
02/07/06	241.080	Los Angeles Dept of Wtr & Power	CA	Water System Revenue Bonds	2006 Subser A-1	N	E	LEAD
02/07/06	241.085	Los Angeles Dept of Wtr & Power	CA	Water System Revenue Bonds	2006 Subser A-2	N	E	CO-MGR
02/08/06	100.000	Omaha Metro Utility Dt	NE	Water Revenue Bonds	Series 2006 A	C	E	SOLE
02/10/06	200.000	Atlanta City-Georgia	GA	Water & Wastewater Rev CP Notes	Series 2006 - 3	N	E	LEAD
02/10/06	200.000	Atlanta City-Georgia	GA	Water & Wastewater Rev CP Notes	Series 2006 - 1	N	E	SOLE
02/13/06	80.000	Glendale City-Arizona	AZ	Sub Lien Wtr & Swr Revenue Oblig	Series 2006	C	E	SOLE
02/16/06	75.060	Assoc of Bay Area Govt (ABAG)	CA	Water & Wastewater Rev Bonds	Series 2006 A	C	E	SOLE
02/28/06	617.880	San Francisco Public Util Comm	CA	Water Revenue Refunding Bonds	2006 Series A & B	C	E	SOLE
02/28/06	100.000	Washington Suburban Sanitary Dt	MD	Wtr Supply & Sewage Disp Bonds	Series of 2006	C	E	SOLE
03/02/06	486.320	Massachusetts Water Resources Au	MA	General Revenue Bonds	2006 Series A & B	N	E	CO-MGR
03/09/06	121.375	Gwinnett Co Water & Sewer Auth	GA	Refunding Revenue Bonds	Series 2006	N	E	LEAD
03/09/06	55.660	Leesburg Town-Virginia	VA	GO Public Utility Bonds	Series 2006	C	E	LEAD
03/14/06	205.400	Arizona Wtr Infrastruc Fin Auth	AZ	Water Quality Revenue Bonds	Series 2006 A	N	E	CO-MGR
03/16/06	406.205	NYC Municipal Water Finance Auth	NY	Water & Sewer System Rev Bonds	Series D	N	E	CO-MGR
03/21/06	16.180	Garland City-Texas	TX	Water & Sewer System Rev Bonds	Series 2006	N	E	CO-MGR
03/22/06	16.600	Orangetown-New York	NY	BANs for Sewer System Purposes	Series 2006	C	E	SOLE
03/22/06	9.325	Wilsonville-Oregon	OR	Water System Rev Ref Bonds	Series 2006	N	E	SOLE
03/28/06	18.795	Duckett Creek Sewer Dt	MO	Sewerage System Revenue Bonds	Series 2006	N	E	LEAD
03/28/06	38.925	Fort Myers City-Florida	FL	Utility Sys Revenue Bonds	Series 2006	N	E	CO-MGR
03/28/06	8.250	Salem-Illinois	IL	Wstwr Treatment Imp Rev Bonds		C	E	LEAD
03/30/06	10.000	Bismarck City-North Dakota	ND	Water Revenue Bonds	Series of 2006	C	E	SOLE
04/05/06	98.995	Los Angeles City-California	CA	Wastewater Sys Subor Rev Bonds	Series 2006 B 1-2	N	E	SOLE
04/05/06	87.505	Missouri Env Imp & Energy Res Au	MO	Wtr PC & Drink Wtr Rev Bonds	Series 2006 A	N	E	CO-MGR
04/06/06	40.265	Charleston City-South Carolina	SC	Wtrwrks & Swr Cap Imp Rev Bonds	Series 2006 A	N	E	LEAD
04/12/06	255.375	Dallas City-Texas	TX	Wtrwrks Swr Sys Rev Ref Imp Bonds	Series 2006	C	E	LEAD
04/12/06	138.335	Palm Beach Co-Florida	FL	Water & Sewer Rev Ref Bonds	Series 2006 A & B	N	E	CO-MGR
04/19/06	12.450	Santa Cruz City-California	CA	Water Revenue Bonds	Series 2006	C	E	LEAD
04/25/06	12.875	Cleburne City-Texas	TX	Wtrwrks & Swr Sys Rev Ref Bonds	Series 2006	N	E	LEAD
04/26/06	130.000	Charleston City-South Carolina	SC	Wtrwrks&Swr Sys Cap Imp Rev bonds	Series 2006 B	N	E	LEAD
04/26/06	397.390	Greater Chicago Metro Wtr Rec Dt	IL	GO Refunding Bonds	Series of May 2006	N	E	CO-MGR
04/26/06	76.950	Lubbock City-Texas	TX	Tax & Wtrwrks Rev Certs of Oblig	Series 2006	N	E	LEAD
05/02/06	49.075	Canadian River Muni Water Auth	TX	Contract Revenue Bonds	Series 2006	N	E	LEAD
05/02/06	23.415	Colorado Wtr Res & Pwr Dev Au	CO	Clean Water Revenue Bonds	2006 Series A	C	E	SOLE
05/02/06	34.300	South Essex Sewer Dt	MA	GO Refunding Bonds	2006 Series A	C	E	SOLE
05/04/06	14.190	Northwest Harris Co MUD #5	TX	Unlimited Tax Bonds	Series 2006-A	C	E	SOLE
05/12/06	77.030	Baltimore Mayor & City Council	MD	Subordinate Project Revenue Bonds	Series 2006 A & C	N	E	LEAD
05/16/06	87.135	Portland City-Oregon	OR	Second Lien Sewer Sys Rev Bonds	2006 Series B	C	E	SOLE
05/16/06	177.845	Portland City-Oregon	OR	First Lien Sewer System Rev Bonds	2006 Series A	C	E	SOLE
05/23/06	13.175	Texas	TX	GO Wtr Financial Assist Ref Bonds	Series 2006 A	N	E	CO-MGR
05/24/06	37.070	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2006 Series A-1	N	E	SOLE
06/05/06	11.330	Bellingham City-Washington	WA	Water & Sewer Revenue Bonds	Series 2006	C	E	LEAD
06/05/06	151.555	Las Vegas Valley Water Dt	NV	GO Water Improvement Bonds	Series 2006 A	C	E	SOLE
06/05/06	31.460	Tucson City-Arizona	AZ	Water System Revenue Ref Bonds	Series 2007	N	E	LEAD
06/06/06	33.000	New Jersey Environ Infrastr Trust	NJ	Environmental Infra Ref Bonds	Series 2006 B	C	E	SOLE
06/08/06	447.060	NYS Environmental Facs Corp	NY	Clean Drink Wtr Revolv Rev Bonds	Series 2006 A & B	N	E	CO-MGR
06/15/06	61.300	Mesa City-Arizona	AZ	Utility System Revenue Ref Bonds	Series 2006	N	E	LEAD
06/15/06	11.500	Sonoma Co Water Agency	CA	Water Revenue Bonds	2006 Sereis A	N	E	SOLE
06/21/06	350.000	Greater Chicago Metro Wtr Rec Dt	IL	GO Capital Improvement Bonds	Series of July 2006	N	E	CO-MGR
06/27/06	111.840	Nevada	NV	GO Water Refunding Bonds	Series 2006 D	C	E	SOLE
07/12/06	215.400	Chicago City-Illinois	IL	Second Lien Water Revenue Bonds	Series 2006 A	N	E	CO-MGR
07/18/06	100.290	Charlotte City-North Carolina	NC	Water & Sewer System Rev Bonds	Series 2006 A	N	E	LEAD
07/20/06	24.030	New Orleans City-Louisiana	LA	Sewerage Service Ref Notes	Series 2006	N	E	SOLE
07/25/06	3.000	Libertyville Village-Illinois	IL	General Obligation Bonds	Series 2006	C	E	LEAD
08/04/06	276.560	Detroit City-Michigan	MI	Sewer Disposal Sys Rev Ref Bonds	Series 2006 B & C	N	E	CO-MGR
08/09/06	125.000	Detroit City-Michigan	MI	Sewage Disposal System Rev Bonds	Series 2006 A	N	E	CO-MGR
08/09/06	200.000	So California Metro Water Dt	CA	Water Revenue Bonds	2005 Series C	N	E	CO-MGR
08/10/06	196.930	East Baton Rouge Sewer Commiss	LA	Revenue Refunding Bonds	Series 2006 A & B	N	E	LEAD
08/24/06	14.380	Fort Bend Co MUD #23	TX	Unlimited Tax Bonds	Series 2006	C	E	SOLE
08/24/06	23.215	Lee Co Industrial Dev Authority	FL	Utility Sys Refunding Rev Bonds	Series 2006	N	E	SOLE
08/31/06	100.865	Camden Co Municipal Utilities Au	NJ	Co Agreement Swr Rev Ref Bonds	Series 2006 B	N	E	CO-MGR
09/12/06	44.000	Portland City-Oregon	OR	First Lien Wtr Sys Rev Ref Bonds	2006 Series B	C	E	SOLE
09/12/06	68.970	Portland City-Oregon	OR	Second Lien Water Sys Rev Bonds	2006 Series A	C	E	SOLE
09/13/06	89.000	Baltimore Co-Maryland	MD	Metropolitan District Bonds	70th Issue	C	E	CO-MGR
09/18/06	140.000	North Las Vegas City-Nevada	NV	Ltd Tax GO Wstwr Rec Sys Bonds	Series 2006	C	E	SOLE
09/19/06	100.000	Fort Lauderdale City-Florida	FL	Water & Sewer Revenue Bonds	Series 2006	C	E	SOLE

RESPONSE TO REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES  
BIG BEAR MUNICIPAL WATER DISTRICT

National Water/Sewer Financing Experience

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of Bid/AMI
09/19/06	6.625	Grand Prairie City-Texas	TX	Water & Wastewater Revenue Bonds	Series 2006 - A	C	E	SOLE
09/21/06	300.385	Raleigh City-North Carolina	NC	Comb Enterprise Sys Rev Ref Bonds	Series 2006 A & B	N	E	CO-MGR
09/21/06	20.510	Temple City-Texas	TX	Utility System Revenue Bonds	Series 2006	N	E	LEAD
09/22/06	34.870	Charlotte Co-Florida	FL	Utility System Ref Revenue Bonds	Series 2006	N	E	CO-MGR
10/06/06	604.140	Clark Co-Nevada	NV	Ltd Tax GO Bond Bank Bonds	Series 2006	C	E	SOLE
10/12/06	14.035	Greenwood Metropolitan Dt	SC	Sewer System Revenue Bonds	Series 2006	N	E	SOLE
10/13/06	22.285	Orange Water & Sewer Authority	NC	Water & Sewer Sys Rev Bonds	Series 2006	N	E	LEAD
10/16/06	150.000	Phoenix City Civic Imp Corp	AZ	Wastewater System Revenue BANs	Series 2006	N	F	SOLE
10/17/06	38.045	Colorado Wtr Res & Pwr Dev Au	CO	Drinking Water Revenue Bonds	2006 Series B	C	E	SOLE
10/17/06	37.760	Jacksonville Electric Authority	FL	Water and Sewer Revenue Bonds	2006 Series B	N	E	CO-MGR
10/17/06	100.000	Wisconsin	WI	Clean Water Revenue Bonds	2006 Series 2	C	E	SOLE
10/19/06	334.270	NYC Municipal Water Finance Auth	NY	Water & Sewer System Rev Bonds	2007 Ser AA & BB	N	E	CO-MGR
10/19/06	10.720	Northwest Harris Co MUD #5	TX	Unlimited Tax Bonds	Series 2006 B	C	E	SOLE
10/24/06	33.485	Aurora City-Illinois	IL	Wtrwks & Sewer Rev Bonds	Series 2006	C	E	SOLE
10/25/06	185.000	Cape Coral City-Florida	FL	Water and Sewer Revenue Bonds	Series 2006	N	E	LEAD
10/26/06	546.120	South Florida Water Management Dt	FL	Certificates of Participation	Series 2006	N	E	CO-MGR
10/26/06	1.610	Spring Hill City-Kansas	KS	GO Temporary Notes	Series 2006 B	C	E	LEAD
10/30/06	38.730	Jacksonville Electric Authority	FL	Water and Sewer Revenue Bonds	2006 Series B	N	E	CO-MGR
10/31/06	47.270	Metro Wstwr Mgmt Commission	OR	Wastewater Revenue Bonds	Series 2006	N	E	SOLE
11/01/06	22.105	Missouri State Envir Imp Auth	MO	Wtr PC & Drinking Wtr Rev Bonds	Series 2006 B	N	E	CO-MGR
11/01/06	46.275	Modesto City-California	CA	Water Rev Certs of Participation	2006 Series A	N	E	SOLE
11/03/06	25.000	Connecticut Development Auth	CT	Water Facs Revenue Bonds	2006 Series	N	A	CO-MGR
11/06/06	193.435	King Co-Washington	WA	Sewer Revenue & Refunding Bonds	2006 Second Series	N	E	CO-MGR
11/14/06	45.200	EI Paso City-Texas	TX	Water & Sewer Revenue Ref Bonds	Series 2006 A	N	E	LEAD
11/14/06	11.845	Mississippi Development Bank	MS	Special Obligation Bonds	Series 2006 B	N	T	SOLE
11/15/06	175.000	San Diego Co Water Auth	CA	Commercial Paper Notes	Series 3	N	E	LEAD
11/15/06	154.385	Seminole Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2006	N	E	CO-MGR
11/16/06	135.000	Austin City-Texas	TX	Wtr & Wstwr Rev Ref Bonds	Series 2006 A	C	E	SOLE
11/16/06	65.150	Okaloosa Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2006	N	E	CO-MGR
11/20/06	113.825	Mississippi Development Bank	MS	Special Obligation Bonds	Series 2006 A	N	E	SOLE
11/21/06	75.000	Washoe Co-Nevada	NV	Water Facilities Ref Rev Bonds	Series 2006 B	N	A	CO-MGR
11/22/06	847.285	Massachusetts Wtr Poll Abate Tr	MA	Pooled Program & Refunding Bonds	Series 12 & 2006	N	E	CO-MGR
11/28/06	9.120	Amarillo City-Texas	TX	Waterworks & Sewer Sys Rev Bonds	Series 2006	N	E	LEAD
11/29/06	160.500	NYC Municipal Water Finance Auth	NY	Wtr & Swr Sys Gen Res Rev Bonds	2007 Ser CC-1	N	E	SOLE
12/06/06	34.240	Dorchester Co-South Carolina	SC	Waterworks & Swr Rev Bonds	Series 2006	N	F	SOLE
12/06/06	85.460	Tucson City-Arizona	AZ	Water System Revenue Ref Bonds	Series 2006	N	E	LEAD
12/07/06	9.280	Upper Trinity Regional Water Dt	TX	Wstwr Trmnt Rev Ref&Imp Bonds	Series 2006	N	E	LEAD
12/08/06	38.050	Des Moines Metro Wstwr Rec Au	IA	Sewer Revenue Bonds	Series 2006	N	E	SOLE
12/08/06	57.795	Rhode Island Clean Water Fin Agy	RI	Wtr Poll Ctrl Revolv Rev Bonds	Series 2006 A	N	E	CO-MGR
12/19/06	9.370	Amarillo City-Texas	TX	Wtrwks & Swr Sys Rev Ref Bonds	Series 2006 A	N	E	LEAD
01/16/07	50.000	Pima Co-Arizona	AZ	Sewer Revenue Bonds	Series 2007	C	E	SOLE
01/17/07	847.950	Massachusetts Water Resources Au	MA	General Revenue Ref Bonds	2007 Series A & B	N	E	CO-MGR
01/19/07	63.330	So Central Conn Reg Water Au	CT	Water System Revenue Ref Bonds	20th Series A	N	E	CO-MGR
01/24/07	32.930	Rio Rancho City-New Mexico	NM	Water & Wstwr Sys Rev Bonds	Series 2007	N	E	LEAD
01/25/07	52.230	Citrus Co-Florida	FL	Water & Wstwr Sys Rev Bonds	Series 2007	N	E	LEAD
02/09/07	68.655	Columbia Co-Georgia	GA	GO Refunding & Var Purpose Bonds	Series 2007 A & B	N	E	LEAD
02/13/07	204.045	Fairfax Co Water Authority	VA	Water Rev & Refunding Bonds	Series 2007	C	E	SOLE
02/14/07	188.315	Greater Chicago Metro Wtr Rec Dt	IL	GO Refunding Bonds	Ser A of March 2007	N	E	LEAD
02/20/07	107.180	Jacksonville Electric Authority	FL	Water & Sewer System Rev Bonds	2007 Series A	N	E	CO-MGR
02/22/07	90.315	Upper Occoquan Sewerage Auth	VA	Reg Sewerage Sys Rev Ref Bonds	Series of 2007 A	N	E	CO-MGR
03/01/07	193.705	Greater Chicago Metro Wtr Rec Dt	IL	GO Refunding Bonds	Series B&C of Mar 07	N	E	LEAD
03/02/07	5.713	North Las Vegas City-Nevada	NV	GO Water & Sewer Ref Bonds		N	E	SOLE
03/02/07	43.720	Pittsburgh Water & Sewer Auth	PA	Wtr & Swr Sys Rev Ref Bonds	Series A of 2007	N	E	CO-MGR
03/08/07	115.175	Pittsburgh Water & Sewer Auth	PA	Wtr & Swr Sys Rev Ref Bonds	Ser B 1 & 2 of 2007	N	E	CO-MGR
03/14/07	496.760	NYS Environmental Facs Corp	NY	Water Revolving Funds Rev Bonds	Series 2007 A & B	N	E	CO-MGR
03/21/07	587.975	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Rev Bonds	2007 Series A	N	E	CO-MGR
03/22/07	100.000	Denver City Co Bd of Wtr Comm	CO	Master Resolution Wtr Rev Bonds	Series 2007 A	C	E	SOLE
03/26/07	14.565	Lancaster City-Texas	TX	Tax Wtrwks Rev Certs of Oblig	Series 2007	N	E	LEAD
03/28/07	67.955	Cape Coral City-Florida	FL	Utility Imp Assessment Bonds	Series 2007	N	E	CO-MGR
03/28/07	678.480	Dallas City-Texas	TX	Wtrwks & Swr Sys Rev Ref Bonds	Series 2007	N	E	CO-MGR
04/03/07	29.070	Garland City-Texas	TX	Water & Sewer System Rev Bonds	Series 2007	N	E	CO-MGR
04/12/07	42.905	Clay Co Utility Authority	FL	Utilities System Rev & Ref Bonds	Series 2007	N	E	CO-MGR
04/16/07	40.000	Kansas City-Missouri	MO	Sanitary Sewer Sys Revenue Bonds	Series 2007 A	C	E	SOLE
04/20/07	2.320	Northern Palm Beach Co Imp Dt	FL	Water Control & Improvement Bonds	Series 2007 B	N	T	SOLE
04/20/07	11.500	Northern Palm Beach Co Imp Dt	FL	Water Control & Improvement Bonds	Series 2007 A	N	E	SOLE
04/23/07	21.550	Pasadena City-California	CA	Water Revenue Bonds	2007 Series	C	E	SOLE
04/26/07	75.000	Loudoun Co Sanitation Auth	VA	Water & Sewer System Rev Bonds	Series 2007	N	E	LEAD
05/08/07	504.790	East Bay MUD	CA	Water Sys Sub Revenue Ref Bonds	Series 2007 A & B	N	E	CO-MGR
05/09/07	185.080	NYS Environmental Facs Corp	NY	Clean Wtr Revolv Funds Rev Bonds	Series 2007 C	N	E	CO-MGR
05/11/07	.985	Greenville Govt Utility Service C	AL	Revenue Bonds	Series 2007	P	E	SOLE
05/15/07	2.135	Jefferson Co Pub Wtr Sup Dt #7	MO	Waterworks Sys Rev Bonds	Series 2007	N	E	LEAD
05/17/07	11.925	Margate City-Florida	FL	Water & Sewer Ref Revenue Bonds	Series 2007	C	E	SOLE
05/17/07	1.210	Shelby Co Pub Water Supp Dt #1	MO	Waterworks Refunding Rev Bonds	Series 2007	N	E	LEAD

RESPONSE TO REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES  
BIG BEAR MUNICIPAL WATER DISTRICT

National Water/Sewer Financing Experience

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of BofA ML
05/18/07	400.000	So California Metro Water Dt	CA	Water Revenue Bonds	2006 Series A	N	E	CO-MGR
05/22/07	218.715	District of Columbia Wtr & Swr Au	DC	Public Utility Sub Lien Rev Bonds	Series 2007 A	N	E	LEAD
05/22/07	119.175	East Bay MUD	CA	Water Sys Sub Rev Ref Bonds	Series 2007 C 6 & 7	N	E	SOLE
05/24/07	395.000	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Revenue Bonds	Series DD	N	E	CO-MGR
06/05/07	31.855	Sumter-South Carolina	SC	Wtrwrks & Swr Sys Imp Rev Bonds	Series 2007	N	E	SOLE
06/05/07	35.765	Tucson City-Arizona	AZ	Water System Revenue Bonds	Series 2005-B (2007)	C	E	SOLE
06/06/07	100.000	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	Series 2007 A-1	N	E	LEAD
06/11/07	250.000	King Co-Washington	WA	Sewer Revenue Bonds	Series 2007	C	E	SOLE
06/12/07	.590	Jefferson Co Pub Wtr Sup Dt #7	MO	Waterworks Rev Ref Bonds	Series 2007 B	N	E	LEAD
06/14/07	98.445	Los Angeles Dept of Wtr & Power	CA	Water System Revenue Bonds	2007 Ser A Sub A-1	N	E	CO-MGR
06/14/07	197.450	Los Angeles Dept of Wtr & Power	CA	Water System Revenue Bonds	2007 Ser A Sub A-2	N	E	CO-MGR
06/27/07	146.030	NYS Environmental Facs Corp	NY	Clean Drink Wtr Revolv Rev Bonds	Series 2007 D	N	E	CO-MGR
06/28/07	150.980	Anchorage City-Alaska	AK	Water & Wstwr Rev Ref Bonds	Series 2007	N	E	CO-MGR
07/11/07	17.965	Olivenhain Muni Wtr Dt (OMWD)	CA	Ltd Oblig Improvement Bonds		N	E	SOLE
07/11/07	14.000	Westfield-Indiana	IN	Sewer Works Revenue Bonds	Series of 2007	C	E	SOLE
07/12/07	8.930	Sienna Plantation Levee Imp Dt	TX	Unlimited Tax Levee Imp Bonds	Series 2007	C	E	SOLE
07/17/07	41.610	Jacksonville Electric Authority	FL	Water & Sewer Refunding Rev Bonds	2007 Series C	N	E	CO-MGR
07/17/07	36.240	Nashville-Davidson Co Metro Govt	TN	Water and Sewer Revenue Ref Bonds	Series 2007	C	E	SOLE
07/17/07	10.050	West Harris Co MUD #11	TX	Unlimited Tax Bonds	Series 2007	C	E	SOLE
07/18/07	100.000	Irvine Ranch Water Dt	CA	General Obligation Bonds	Series 2007	N	E	SOLE
07/24/07	24.000	Arlington City-Texas	TX	Water & Wstwr Sys Revenue Bonds	Series 2007	C	F	SOLE
07/24/07	162.565	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Sr Series 2007 A	N	E	CO-MGR
08/08/07	9.325	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Sr Series 2007 B	N	E	CO-MGR
08/23/07	60.820	Lubbock City-Texas	TX	Tax & Wtrwrks Sys Rev Certs Oblig	Series 2007 A	N	E	LEAD
08/30/07	18.795	Cayce-South Carolina	SC	Wtr & Swr Sys Ref & Imp Rev Bonds	Series 2007 A	N	E	SOLE
09/04/07	40.505	S Fulton Muni Reg Wtr & Swr Au	GA	Water Revenue Bonds	Series 2007	N	E	SOLE
09/11/07	9.700	California Enterprise Dev Auth	CA	Sewage Facilities Revenue Bonds	Series 2007	N	A	SOLE
09/12/07	344.690	Miami-Dade Co-Florida	FL	Water & Sewer Sys Rev Ref Bonds	Series 2007	N	E	CO-MGR
09/19/07	33.580	Placer Co Water Agency	CA	Second Senior Water Rev COPs	Series 2007	N	E	SOLE
09/26/07	177.010	Augusta-Georgia	GA	Water & Sewerage Rev Ref Bonds	Series 2007	N	E	CO-MGR
10/04/07	400.000	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Rev Bonds	Series AA	N	E	CO-MGR
10/10/07	9.560	Lake Oswego City-Oregon	OR	Water Revenue & Refunding Bonds	Series 2007	C	E	LEAD
10/11/07	278.040	Michigan Municipal Bond Auth	MI	State Clean Wtr Revolv Rev Bonds	Series 2007	N	E	CO-MGR
10/16/07	21.165	Killeen City-Texas	TX	Wtrwrks & Swr Sys Revenue Bonds	Series 2007	N	E	LEAD
10/23/07	55.000	Clark Co Water Reclamation Dt	NV	Ltd Tax Water Reclamation Bonds	Series 2007	C	E	SOLE
10/23/07	50.000	NYC Municipal Water Finance Auth	NY	Wtr Swr Sys 2nd Gen Res Rev Bonds	Series BB-4	N	E	SOLE
10/23/07	85.000	NYC Municipal Water Finance Auth	NY	Wtr Swr Sys 2nd Gen Res Rev Bonds	Series CC-2	N	E	CO-MGR
10/23/07	85.000	NYC Municipal Water Finance Auth	NY	Wtr Swr Sys 2nd Gen Res Rev Bonds	Series CC-3	N	E	LEAD
10/23/07	97.200	NYC Municipal Water Finance Auth	NY	Wtr Swr Sys 2nd Gen Res Rev Bonds	Series CC-4	N	E	CO-MGR
10/23/07	101.000	NYC Municipal Water Finance Auth	NY	Wtr Swr Sys 2nd Gen Res Rev Bonds	Series BB-2	N	E	SOLE
10/30/07	283.465	Louisiana Public Facs Auth (LPFA)	LA	Revenue Bonds	Series 2007	N	E	CO-MGR
10/31/07	56.720	Missouri Env Imp & Energy Res Au	MO	Water Poll Ctrl & Wtr Rev Bonds	Series 2007 B	N	E	CO-MGR
11/08/07	57.855	Cape Coral City-Florida	FL	Utility Imp Assessment Bonds	Series 2007	N	E	CO-MGR
11/08/07	164.460	Tallahassee City-Florida	FL	Consolidated Utili Sys Rev Bonds	Series 2007	N	F	CO-MGR
11/08/07	5.225	Wenatchee City-Washington	WA	Water & Sewer Revenue Bonds	Series 2007	N	E	SOLE
11/14/07	81.900	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2007 Series B	N	E	LEAD
11/16/07	39.740	Rhode Island Clean Water Fin Agy	RI	Water PC Revolv Fund Rev Bonds	Series 2007 A	N	E	CO-MGR
11/27/07	855	North Liberty City-Iowa	IA	GO Water Improvement Bonds	Series 2007 B	C	E	LEAD
11/29/07	352.320	Massachusetts Wtr Poll Abate Tr	MA	Pool Program Bonds	Series 13	N	E	CO-MGR
11/30/07	51.240	Tampa City-Florida	FL	Water & Sewer System Rev Bonds	Series 2007	N	E	LEAD
12/03/07	3.020	Montgomery Village-Illinois	IL	GO Wtrwrks & Alt Rev Ref Bonds	Series 2007	N	E	SOLE
12/04/07	4.395	Medina-Minnesota	MN	GO Water Revenue Bonds	Series 2007 A	C	E	LEAD
12/05/07	446.245	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Revenue Bonds	Series A	N	E	LEAD
12/05/07	45.000	Suffolk Co Water Authority	NY	Water System Revenue Bonds	Series 2007 A	C	E	SOLE
12/11/07	11.710	Myrtle Beach City-South Carolina	SC	Waterworks & Sewer Sys Rev Bonds	Series 2007	N	E	SOLE
12/12/07	14.050	Gainesville & Hall Co Dev Auth	GA	Demand Revenue Bonds	Series 2007	N	E	SOLE
12/13/07	200.000	Baltimore Co-Maryland	MD	Metropolitan District Bonds	71st Issue	C	E	SOLE
12/13/07	119.715	Upper Ocoquan Sewerage Auth	VA	Regional Sewerage Sys Rev Bonds	Series of 2007 B	N	E	CO-MGR
12/17/07	41.990	Charleston City-South Carolina	SC	Wtrwrks & Swr Sys Ref Rev Bonds	Series 2007	N	E	LEAD
12/20/07	27.060	Coweta Co Water & Sewerage Auth	GA	Revenue Bonds	Series 2007	N	E	SOLE
12/20/07	37.025	Onslow Water & Sewer Auth	NC	Combined Enterprise Sys Rev Bonds	Series 2008 A	N	E	LEAD
01/02/08	.704	Ogden City-Kansas	KS	Temporary Notes	Series 2008	C	E	LEAD
01/10/08	32.160	Greenwood Metropolitan Dt	SC	Sewer System Revenue Bonds	Series 2008	N	E	SOLE
01/11/08	52.800	Brunswick Co-North Carolina	NC	Enterprise System Revenue Bonds	Series 2008 A	N	E	CO-MGR
01/16/08	35.290	Scottsdale City-Arizona	AZ	Water and Sewer Rev Ref Bonds	Series 2007	N	E	LEAD
01/17/08	52.900	Lubbock City-Texas	TX	Tax and Wstwr Rev Certs of Oblig	Series 2008	N	E	CO-MGR
01/22/08	3.085	Elk River City-Minnesota	MN	GO Water Revenue Refunding Bonds	Series 2008 A	C	E	LEAD
01/29/08	171.720	Las Vegas Valley Water Dt	NV	Ltd Tax GO Refunding Bonds	Series 2008 B	C	E	SOLE
01/29/08	190.760	Las Vegas Valley Water Dt	NV	Ltd Tax GO Imp & Refunding Bonds	Series 2008 A	C	E	SOLE
01/29/08	77.965	So Central Conn Reg Water Au	CT	Water System Revenue Bonds	Twenty-Second Series	N	E	CO-MGR
02/12/08	4.095	Howard Co-Maryland	MD	Metropolitan District Bonds	2008 Series A	C	E	SOLE
02/12/08	107.500	Howard Co-Maryland	MD	Consolidated Public Imp Bonds	2008 Series A	C	E	SOLE
02/12/08	34.995	Yorba Linda Water Dt	CA	Rev Certificates of Participation	Series 2008	C	E	SOLE

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National Water/Sewer Financing Experience

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of BofA MH
02/22/08	27.950	Nashville-Davidson Co Metro Govt	TN	Water and Sewer Revenue Ref Bonds	Series 2008 B	N	T	CO-MGR
02/22/08	122.530	Nashville-Davidson Co Metro Govt	TN	Water and Sewer Revenue Ref Bonds	Series 2008 A	N	E	CO-MGR
03/07/08	22.445	Puerto Rico Aqueduct & Sewer Au	PR	Senior Lien Revenue Bonds	Series B	N	T	CO-MGR
03/07/08	284.755	Puerto Rico Aqueduct & Sewer Au	PR	Revenue Refunding Bonds	2008 Series A & B	N	T	CO-MGR
03/07/08	1,316.204	Puerto Rico Aqueduct & Sewer Au	PR	Senior Lien Revenue Bonds	Series A	N	E	CO-MGR
03/13/08	144.945	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Revenue Bonds	Series C	N	E	CO-MGR
03/18/08	135.000	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Rev Bonds	Ser B Sub B-3	N	E	SOLE
03/19/08	322.525	East Bay MUD	CA	Water Sys Sub Rev Ref Bonds	Series 2008 A	N	E	CO-MGR
03/19/08	331.950	East Bay MUD	CA	Water Sys Sub Rev Refunding Bonds	Series 2008 C	N	E	CO-MGR
03/24/08	250.940	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2008 Series A-1	N	E	SOLE
03/31/08	33.635	Buncombe Co Metro Sewerage Dt	NC	Sewerage Sys Rev Ref Bonds	Series 2008 A	N	E	SOLE
04/09/08	290.375	District of Columbia Wtr & Swr Au	DC	Pub Util Sub Lien Rev Ref Bonds	Series 2008 A	N	E	CO-MGR
04/15/08	238.710	Arizona Wtr Infrastruc Fin Auth	AZ	Water Quality Revenue Bonds	Series 2008 A	N	E	CO-MGR
04/15/08	40.385	Placer Co Water Agency	CA	Wtr Rev Certs of Participation	Series 2008	N	E	SOLE
04/22/08	36.555	Kern Co Water Agency	CA	Water Rev Certs of Participation	Series 2008 B	N	T	CO-MGR
04/22/08	84.365	Kern Co Water Agency	CA	Water Rev Certs of Participation	Series 2008 A	N	E	CO-MGR
04/23/08	160.000	East Bay MUD	CA	Water Sys Sub Revenue Ref Bonds	Series 2008 B1-B3	N	E	CO-MGR
04/23/08	14.500	Gainesville & Hall Co Dev Auth	GA	Refunding Revenue Bonds	Series 2008	N	E	SOLE
04/24/08	632.890	California Dept of Wtr Resources	CA	Water System Revenue Bonds	Series AE	N	E	CO-MGR
04/30/08	22.165	Buncombe Co Metro Sewerage Dt	NC	Sewerage Sys Rev Ref Bonds	Series 2008 B	N	E	SOLE
04/30/08	125.625	Los Angeles City-California	CA	Wastewater Sys Sub Rev Ref Bonds	Series 2008 F-1&2	N	E	SOLE
05/01/08	558.015	San Diego Co Water Auth	CA	Water Revenue COPs	Series 2008 A	N	E	CO-MGR
05/07/08	112.920	Texas	TX	General Obligation Bonds	Series 2008 A	N	E	CO-MGR
05/08/08	474.215	NYS Environmental Facs Corp	NY	St Wtr & Drink Revolv Rev Bonds	Ser 08A & Subser 08B	N	E	CO-MGR
05/12/08	60.300	Riverside City-California	CA	Water Revenue Bonds	Issue of 2008 A	N	E	SOLE
05/15/08	58.235	Riverside City-California	CA	Water Revenue Bonds	Issue of 2008 B	N	E	SOLE
05/15/08	5.035	Westminster City-California	CA	Ref Certificates of Participation	Series 2008	N	E	LEAD
05/21/08	105.000	Louisville-Jefferson Co Swr Dt	KY	Sewer & Drainage Sys Rev Bonds	Series 2008 A	C	F	SOLE
05/21/08	101.375	Tampa Bay Water Auth	FL	Utility System Revenue Bonds	Series 2008	N	E	CO-MGR
05/22/08	36.350	Rhode Island Clean Water Fin Agy	RJ	Water Revolving Fund Rev Bonds	Series 2008 A	N	E	CO-MGR
05/29/08	47.625	Modesto City-California	CA	Water Refunding Revenue COPs	2008 Series A	N	E	SOLE
05/29/08	504.905	NYC Municipal Water Finance Auth	NY	Water and Sewer Revenue Bonds	Series DD	N	E	CO-MGR
06/05/08	3.235	Olivehurst Pub Util CFD #2002-1	CA	Subordinate Special Tax Bonds	Series 2008	N	E	SOLE
06/05/08	25.000	Reno City-Nevada	NV	GO Lid Medium-Term Sewer Bonds	Series 2008	N	E	SOLE
06/11/08	320.515	Pittsburgh Water & Sewer Auth	PA	Water & Sewer Sys Rev Ref Bonds	Ser 2008 B,C1,C2&	N	E	CO-MGR
06/17/08	50.015	Garland City-Texas	TX	Elc Util & Wtr & Swr Sys Revenue	Series 2008	N	E	CO-MGR
06/18/08	68.810	West Palm Beach City-Florida	FL	Utility Sys Revenue & Ref Bonds	Series 2008 A & B	N	E	CO-MGR
06/24/08	261.425	Texas Water Development Board	TX	St Revolv Fund Sub Lien Rev Bonds	Series 2008 B	N	E	CO-MGR
07/09/08	10.355	Santa Cruz Co (Felton) CFD #1	CA	Special Tax Bonds	2008 Series B	N	E	SOLE
07/10/08	79.045	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2008 Series C	N	E	CO-MGR
07/11/08	159.845	Fresno City-California	CA	Sewer System Revenue Bonds	2008 Series A	N	E	CO-MGR
07/15/08	2.520	Las Vegas Valley Water Dt	NV	Subordinate Lien Revenue Bonds	Series 2008	P	E	SOLE
07/17/08	334.075	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Rev Bonds	Series AA	N	E	CO-MGR
07/24/08	196.195	Connecticut	CT	St Revolv Fund General Rev Bonds	2008 Series A	N	E	CO-MGR
07/29/08	13.110	Clark Co Public Utility Dt #1	WA	Water System Rev Bonds	Series 2008	N	E	SOLE
07/29/08	114.110	Eastern Municipal Water Dt	CA	Wtr & Swr Rev & Ref COPs	Series 2008 E & G	N	E	SOLE
07/29/08	6.900	Southern Nevada Water Auth	NV	Subordinate Lien Revenue Bonds	Series 2008	P	E	SOLE
08/01/08	150.100	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Rev Bonds	Series CC	N	E	CO-MGR
08/01/08	238.115	North Harris Co Regional Water Au	TX	Senior Lien Revenue Bonds	Series 2008	N	E	CO-MGR
08/14/08	62.020	Trinity River Authority	TX	Reg Wstwr Sys Rev Ref Bonds	Series 2008	N	E	CO-MGR
08/20/08	140.035	Eastern Municipal Water Dt	CA	Water and Sewer Revenue COPs	Series 2008 H	N	E	CO-MGR
08/28/08	342.715	Charlotte City-North Carolina	NC	Water and Sewer Sys Rev Bonds	Series 2008	N	E	LEAD
10/08/08	228.230	Athens-Clark Co Unified Govt	GA	Water and Sewerage Rev Bonds	Series 2008	N	E	CO-MGR
10/09/08	27.935	Colorado Springs City-Colorado	CO	Utilities System Ref Rev Bonds	Series 2008 B	N	E	CO-MGR
10/16/08	69.435	Missouri State Envir Imp Auth	MO	Water PC & Drinking Wtr Rev Bonds	Series 2008 A	N	E	CO-MGR
10/23/08	536.030	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Revenue Bonds	Series A	N	E	CO-MGR
10/24/08	133.400	Phoenix City Civic Imp Corp	AZ	Wstwr Sys Rev Refunding Bonds	Series 2008	N	E	CO-MGR
11/04/08	44.345	Western Municipal Water Dt	CA	Refunding BANs	Series 2008	N	E	SOLE
11/05/08	90.800	Cleveland City-Ohio	OH	Water Revenue Bonds	Series Q 2008	N	E	LEAD
11/05/08	6.250	Essex Co Utilities Authority	NJ	Water System Project Notes	Series 2008	P	E	SOLE
11/13/08	50.730	Metro Wstwr Mgmt Commission	OR	Wastewater Revenue Bonds	Series 2008	N	E	SOLE
11/19/08	205.080	Seattle City-Washington	WA	Water System Imp & Ref Rev Bonds	Series 2008	C	E	SOLE
11/19/08	22.140	Springfield City-Illinois	IL	Water Revenue Bonds	Series of 2008	N	E	LEAD
11/20/08	125.000	Bossier City-Louisiana	LA	Utilities Revenue Bonds	Series 2008	N	E	LEAD
11/25/08	92.210	Wisconsin	WI	Clean Water Revenue Bonds	2008 Series 3	N	E	CO-MGR
12/04/08	325.580	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Revenue Bonds	Series DD	N	E	LEAD
12/08/08	1.355	River Forest-Illinois	IL	General Obligation Bonds	Series 2008 B	C	E	LEAD
01/08/09	175.000	Austin City-Texas	TX	Wtr & Wstewater Sys Rev Ref Bonds	Series 2009	N	E	LEAD
01/08/09	250.000	Florida Water Pollution Fin Corp	FL	Water Pollution Control Rev Bonds	Series 2008 A	N	E	CO-MGR
01/15/09	200.000	So California Metro Water Dt	CA	Water Revenue Bonds	2008 Series A	N	E	CO-MGR
01/23/09	645.455	NYC Municipal Water Finance Auth	NY	Wtr & Swr Sys General Rev Bonds	2009 Series EE	N	E	CO-MGR
01/27/09	300.000	District of Columbia Wtr & Swr Au	DC	Pub Utility Senior Lien Rev Bonds	Series 2009 A	N	E	CO-MGR
02/04/09	383.200	Massachusetts Water Resources Au	MA	General Revenue & Ref Bonds	2009 Series A&B	N	E	CO-MGR

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National Water/Sewer Financing Experience

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of Buf/AMT
02/11/09	54.735	Cleveland City-Ohio	OH	Water Revenue Bonds	Series R 2009	N	E	LEAD
02/11/09	84.625	Cleveland City-Ohio	OH	Water Revenue Bonds	Series T, 2009	N	E	CO-MGR
02/18/09	128.645	Jacksonville Electric Authority	FL	Water & Sewer System Rev Bonds	2009 Series A&B	N	E	CO-MGR
02/19/09	362.830	NYC Municipal Water Finance Auth	NY	Wtr & Swr Sys Revenue Bonds	2009 Series FF 1-2	N	E	CO-MGR
02/19/09	109.030	Winston-Salem City-North Carolina	NC	Water and Sewer Revenue Bonds	Series 2009	N	E	CO-MGR
02/26/09	198.915	Kansas City-Missouri	MO	Water Ref & Imp Revenue Bonds	Series 2009 A	N	F	LEAD
03/05/09	48.655	Anderson Co-South Carolina	SC	Water & Sewer Sys Revenue Bonds	Series 2009	N	E	SOLE
03/05/09	409.530	Massachusetts Wtr Poll Abate Tr	MA	State Revolving Fund Bonds	Series 14	N	E	CO-MGR
03/12/09	50.030	Charleston City-South Carolina	SC	Wtrwrks & Swr Sys Ref Rev Bonds	Series 2009	N	E	LEAD
03/13/09	23.185	Lubbock City-Texas	TX	GO Refunding & Improvement Bonds	Series 2009	N	E	CO-MGR
03/18/09	148.655	Boston Water & Sewer Commission	MA	General Rev & Refunding Bonds	Senior Ser 2009 A&B	N	E	LEAD
03/18/09	47.705	Greensboro City-North Carolina	NC	Comb Enterprise Sys Rev & Ref Bns	Series 2009 A & C	N	E	LEAD
03/18/09	58.755	Washington Co Clean Water Svc	OR	Senior Lien Sewer Revenue Bonds	Series 2009 A	N	E	LEAD
03/24/09	122.205	Ohio Water Development Authority	OH	Water Dev Fresh Wtr Rev bonds	Series 2009 A	N	E	CO-MGR
04/01/09	10.000	Greensboro City-North Carolina	NC	Combined Enterprise Sys Rev Bonds	Series 2009 B	N	E	SOLE
04/08/09	51.500	Pennsylvania Economic Dev Fin Au	PA	Wstwr Treatment Rev Ref Bonds	Series 2009 A	N	E	SOLE
04/24/09	27.500	San Diego Co Water Auth	CA	Commercial Paper Notes	Series I	N	E	LEAD
04/30/09	33.670	Charleston City-South Carolina	SC	Wtrwrks & Swr Sys Ref Rev Bonds	Series 2009 A	N	E	LEAD
04/30/09	164.965	East Baton Rouge Sewer Commiss	LA	Revenue Bonds	Series 2009 A	N	E	LEAD
05/06/09	453.775	San Diego Public Facs Fin Auth	CA	Senior Sewer Revenue Bonds	Series 2009 A	N	E	LEAD
05/06/09	54.340	Western Muni Wtr Dt Facs Au	CA	Water Revenue Bonds	Series of 2009 B	N	E	SOLE
05/13/09	140.000	Philadelphia City-Pennsylvania	PA	Water & Wstwr Revenue Bonds	Series 2009 A	N	E	LEAD
05/13/09	57.990	Rio Rancho City-New Mexico	NM	Water & Wstwr Sys Ref Rev Bonds	Series 2009	N	E	CO-MGR
05/13/09	48.000	Western Muni Wtr Dt Facs Au	CA	Water Revenue Refunding Bonds	Series of 2009 A	N	E	SOLE
05/14/09	540.295	Phoenix City Civic Imp Corp	AZ	Wtr Sys Rev & Rev Ref Bonds	Series 2009 A&B	N	E	CO-MGR
05/14/09	634.940	San Diego Public Facs Fin Auth	CA	Senior Sewer Rev Ref Bonds	Series 2009 B	N	E	CO-MGR
05/15/09	109.415	Clearwater City-Florida	FL	Water & Sewer Revenue & Ref Bonds	Series 2009 A & B	N	E	CO-MGR
06/09/09	4.569	Morristown Town-New Jersey	NJ	Sewer Utility BANs		C	E	SOLE
06/10/09	21.475	Irving City-Texas	TX	Wtrwrks Swr Rev Ref & Imp Bonds	Series 2009	N	E	LEAD
06/10/09	500.000	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Second Rev Bns	2009 Ser GG-1&2	N	E	CO-MGR
06/12/09	.999	Washoe Co-Nevada	NV	Public Improvement Bonds	Series 2009	C	E	SOLE
06/17/09	750.000	Atlanta City-Georgia	GA	Water & Wastewater Revenue Bonds	Series 2009 A	N	E	CO-MGR
06/17/09	244.000	Connecticut	CT	St Revolv Ref & Gen Rev Bonds	2009 Series A & B	N	E	CO-MGR
06/17/09	38.450	Tucson City-Arizona	AZ	Water System Revenue Obligations	Series 2009	N	E	CO-MGR
06/18/09	150.805	Michigan Municipal Bond Auth	MI	Wtr Revolv Fund Rev Ref Bonds	Series 2009	N	E	CO-MGR
06/24/09	142.400	North Fort Bend Water Authority	TX	Water System Revenue Bonds	Series 2009	N	E	CO-MGR
07/07/09	37.425	Jackson Energy Authority	TN	Wastewater Sys Ref Rev Bonds	Series 2009	N	E	CO-MGR
07/07/09	23.375	New Orleans City-Louisiana	LA	Sewerage Service Refunding Bonds	Series 2009	N	E	CO-MGR
07/08/09	68.115	Palm Beach Co-Florida	FL	Water & Sewer Revenue Bonds	Series 2009	N	E	CO-MGR
07/15/09	82.205	Cape Coral City-Florida	FL	Water and Sewer Revenue Bonds	Series 2009	N	E	LEAD
07/27/09	250.000	King Co-Washington	WA	Sewer Revenue Bonds	Series 2009	N	E	CO-MGR
07/28/09	126.570	Cobb Co-Georgia	GA	Water & Sewerage Imp Rev Bonds	Series 2009	C	E	SOLE
07/29/09	257.740	Texas Water Development Board	TX	St Revolv Rev & Rev Ref Bonds	Sub-Ser 09 A- 1 & 2	N	E	LEAD
07/30/09	93.765	Charlotte City-North Carolina	NC	Water & Sewer Sys Rev Ref Bonds	Series 2009	N	E	LEAD
07/30/09	205.005	Massachusetts Wtr Poll Abate Tr	MA	State Revolving Fund Ref Bonds	Series 2009 A	N	E	CO-MGR
08/11/09	600.000	Greater Chicago Metro Wtr Rec Dt	IL	GO Capital Improvement Bonds	Ser of August, 2009	N	T	CO-MGR
08/19/09	20.000	Union Co-North Carolina	NC	Enterprise Systems Revenue Bonds	Series 2009	N	E	SOLE
08/20/09	3.500	Melbourne Beach-Florida	FL	Limited Tax Note	Series 2009	C	E	SOLE
09/03/09	12.685	Pasco Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2009 A	N	E	LEAD
09/03/09	19.029	Pasco Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2009 A	N	E	CO-MGR
09/03/09	46.265	Pasco Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2009 B	N	T	LEAD
09/03/09	69.400	Pasco Co-Florida	FL	Water and Sewer Revenue Bonds	Series 2009 B	N	T	CO-MGR
09/15/09	29.430	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Series 2009 C	N	T	LEAD
09/15/09	40.775	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Series 2009 B	N	T	LEAD
09/15/09	78.080	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Senior Series 2009 A	N	E	LEAD
09/15/09	127.045	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Junior Series 2009 A	N	E	LEAD
09/28/09	11.000	Western Municipal Water Dt	CA	Certificates of Participation		P	E	SOLE
10/07/09	235.575	Gwinnett Co Water & Sewer Auth	GA	Revenue Bonds	Series 2009 A	C	E	SOLE
10/07/09	82.910	Ohio Water Development Authority	OH	Water Development Revenue Bonds	Series 2009 B	N	E	LEAD
10/14/09	21.105	Canadian River Muni Water Auth	TX	Contract Revenue Bonds	Series 2009	N	E	LEAD
10/26/09	6.450	St Cloud City-Minnesota	MN	GO Sewer Revenue Bonds	Series 2009 B	C	E	LEAD
10/26/09	1.545	West St Paul City-Minnesota	MN	GO Sewer Revenue Bonds	Series 2009 C	C	F	LEAD
10/27/09	504.240	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Revenue Bonds	Series AA-1 & AA-2	N	T	CO-MGR
10/27/09	4.037	Rhode Island Clean Water Fin Agy	RI	Newport Issue	2009 Series B	P	E	SOLE
10/28/09	218.820	NYC Municipal Water Finance Auth	NY	Water & Sewer Sys Revenue Bonds	Series BB	N	E	CO-MGR
10/28/09	9.935	Rhode Island Clean Water Fin Agy	RI	Water Revolving Fund Rev Bonds	Series 2009 A	N	E	CO-MGR
11/02/09	.875	Buffalo City-Minnesota	MN	GO Water & Sewer Rev Ref Bonds	Series 2009 F	C	E	LEAD
11/02/09	53.895	Fort Myers City-Florida	FL	Utility System Ref Rev Bonds	Series 2009	N	E	SOLE
11/03/09	29.490	Sugar Land City-Texas	TX	Waterworks & Sewer Sys Rev Bonds	Series 2009	N	E	CO-MGR
11/04/09	138.990	Indiana Finance Authority	IN	State Revolving Fund Prog Bonds	Series 2009 A-1	N	E	CO-MGR
11/10/09	44.365	Clackamas Co Service Dt #1	OR	Sewer System Revenue Obligations	Series 2009 B	C	E	SOLE
11/17/09	169.115	California Dept of Wtr Resources	CA	Water System Revenue Bonds	Series AG	N	E	CO-MGR
11/17/09	.640	Pleasant Hill City-Iowa	IA	GO Sewer Improvement Bonds	Series 2009 B	C	E	LEAD

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Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of BofA ML
11/18/09	180.000	Louisville-Jefferson Co Swr Dt	KY	Sewer & Drainage Sys Rev Bonds	Series 2009 C	C	T	SOLE
11/19/09	366.380	Charlotte City-North Carolina	NC	Water and Sewer Revenue Bonds	Series 2009 B	N	E	LEAD
11/19/09	1.737	Wildwood City-New Jersey	NJ	Sewer Utility BANs		C	E	SOLE
11/24/09	23.580	Lake Arrowhead Comm Services Dt	CA	Water & Wastewater Revenue COPs	Series 2009	N	E	SOLE
12/01/09	26.050	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2009 Series E	N	E	CO-MGR
12/01/09	45.515	So California Metro Water Dt	CA	Waterworks GO Refunding Bonds	2009 Series A	N	E	CO-MGR
12/03/09	49.680	Anchorage City-Alaska	AK	Water Revenue Refunding Bonds	Series 2009	N	E	LEAD
12/07/09	18.255	Sioux Falls City-South Dakota	SD	Sales Tax Revenue Bonds	Series 2009 B-1	C	E	SOLE
12/09/09	94.460	Oklahoma Water Resources Bd	OK	Revolving Fund Revenue Bonds	Series 2010	N	E	LEAD
12/10/09	71.965	Las Vegas Valley Water Dt	NV	GO Limited Tax Wtr & Ref Bonds	Series 2009 D	N	E	LEAD
12/10/09	348.115	Las Vegas Valley Water Dt	NV	GO Limited Tax Water Bonds	Series 2009 C	N	T	LEAD
01/07/10	92.860	Boston Water & Sewer Commission	MA	General Revenue & Refunding Bonds	2010 Series A	N	E	LEAD
01/12/10	366.290	Ohio Water Development Authority	OH	Water PC Loan Fund Rev Bonds	Series 2010	N	E	CO-MGR
01/13/10	288.970	Indiana Finance Authority	IN	St Revolv Fund Program Ref Bonds	Series 2010 A	N	E	LEAD
01/14/10	24.220	Jacksonville Electric Authority	FL	Water and Sewer System Rev Bonds	2010 Series B	N	T	CO-MGR
01/14/10	45.780	Jacksonville Electric Authority	FL	Water and Sewer System Rev Bonds	2010 Series C	N	E	CO-MGR
01/14/10	83.115	Jacksonville Electric Authority	FL	Water and Sewer System Rev Bonds	2010 Series A	N	T	CO-MGR
01/14/10	85.000	Metropolitan St Louis Sewer Dt	MO	Wastewater System Revenue Bonds	Series 2010 B	N	T	LEAD
01/20/10	1.350	Fort Madison-Iowa	IA	GO Capital Loan Notes	Series 2010 A	C	E	LEAD
01/20/10	4.185	Hollywood City-Florida	FL	Water & Sewer Imp Revenue Bonds	Series 2010 A	N	E	LEAD
01/20/10	48.160	Hollywood City-Florida	FL	Water & Sewer Imp Revenue Bonds	Series 2010 B	N	T	LEAD
01/21/10	5.235	Canadian River Muni Water Auth	TX	Contract Revenue Refunding Bonds	Series 2010	N	E	CO-MGR
01/21/10	10.520	Canadian River Muni Water Auth	TX	Contract Revenue Refunding Bonds	Series 2010	N	E	CO-MGR
01/21/10	66.810	Fresno City-California	CA	Water System Revenue Bonds	2010 Series A-1	N	E	CO-MGR
01/21/10	91.340	Fresno City-California	CA	Water System Revenue Bonds	2010 Series A-2	N	T	CO-MGR
01/21/10	98.495	San Diego Co Water Auth Fing Agcy	CA	Water Revenue Bonds	Series 2010 A	N	E	CO-MGR
01/21/10	526.135	San Diego Co Water Auth Fing Agcy	CA	Water Revenue Bonds	Series 2010 B	N	T	CO-MGR
01/26/10	400.000	NYC Municipal Water Finance Auth	NY	Water & Sewer System Rev Bonds	2010 Series DD	N	T	CO-MGR
01/26/10	6.540	Olathe City-Kansas	KS	Water & Sewer System Rev Bonds	Series 2010	C	T	LEAD
01/28/10	205.420	Missouri Env Imp & Energy Res Au	MO	Wtr PC & Drink Wtr Ref Rev Bonds	Series 2010 A	N	E	LEAD
02/02/10	73.440	Portland City-Oregon	OR	First Ln Wtr Sys Rev & Ref Bonds	2010 Series A	C	E	SOLE
02/03/10	132.660	NYS Environmental Facs Corp	NY	St Clean & Drinking Wtr Rev Bonds	Series 2010 A	N	E	LEAD
02/03/10	196.460	NYS Environmental Facs Corp	NY	St Clean & Drinking Wtr Rev Bonds	Series 2010 B	N	T	LEAD
02/03/10	89.250	Tarrant Regional Water Dt	TX	Water Revenue Bonds	Series 2010	C	E	SOLE
02/04/10	41.370	St Tammany Parish-Louisiana	LA	Utilities Revenue Bonds	Series 2010 B	N	E	SOLE
02/09/10	16.035	Minneapolis-St Paul Metro Council	MN	GO Waste Water Rev Ref Bonds	Series 2010 A	C	E	SOLE
03/03/10	5.255	Seminole Co-Florida	FL	Water & Sewer Revenue Bonds	Series 2010 A	N	E	CO-MGR
03/03/10	70.705	Seminole Co-Florida	FL	Water & Sewer Revenue Bonds	Series 2010 B	N	T	CO-MGR
03/09/10	500.000	NYC Municipal Water Finance Auth	NY	Wtr & Swr Sys Gen Res Rev Bonds	2010 Series EE	N	T	CO-MGR
03/10/10	246.160	Michigan Municipal Bond Auth	MI	Clean Wtr Revolv Rev & Ref Bonds	Series 2010	N	E	LEAD
03/17/10	7.365	Marco Island City-Florida	FL	Utility System Ref Revenue Bonds	Series 2010 B	N	T	LEAD
03/17/10	50.475	Marco Island City-Florida	FL	Utility Sys Imp & Ref Rev Bonds	Series 2010 A	N	E	LEAD
03/17/10	359.110	NYC Municipal Water Finance Auth	NY	Wtr & Swr 2nd Gen Res Rev Bonds	2010 Series FF	N	E	CO-MGR
03/23/10	208.430	Kentucky Infrastructure Auth	KY	Wstwr & Drink Wtr Revolv Fund	Series 2010 A	N	E	CO-MGR
03/23/10	75.000	Scottsdale Muni Property Corp	AZ	Excise Tax Revenue Bonds	Series 2010	C	E	SOLE
04/06/10	21.270	Garland City-Texas	TX	Water & Sewer System Rev Bonds	Series 2010	N	E	CO-MGR
04/08/10	436.955	Irvine Ranch Wtr Dt Jt Pwr Agcy	CA	Refunding Bonds	Issue 2, Series 2010	N	T	SOLE
04/08/10	3.065	Springfield Metro Sanitary Dt	IL	Sewer Revenue Bonds	Sr Ln Series 2010 B	N	E	SOLE
04/08/10	37.140	Springfield Metro Sanitary Dt	IL	Sewer Revenue Bonds	Sr Ln Series 2010 A	N	T	SOLE
04/08/10	6.925	Western Nassau Co Water Authority	NY	Water System Revenue Bonds	Series 2010 A	N	E	SOLE
04/08/10	33.965	Western Nassau Co Water Authority	NY	Water System Revenue Bonds	Series 2010 B	N	T	SOLE
04/14/10	8.345	Virginia Resources Auth (VRA)	VA	Clean Water State Match Rev Bonds	Series 2010 A	N	E	LEAD
04/14/10	98.785	Virginia Resources Auth (VRA)	VA	Clean Water St Revolv Rev Bonds	Series 2010 B	N	E	LEAD
04/14/10	8.895	Washington Co Clean Water Svc	OR	Senior Lien Sewer Revenue Bonds	Series 2010 A	N	E	LEAD
04/14/10	90.260	Washington Co Clean Water Svc	OR	Senior Lien Sewer Revenue Bonds	Series 2010 B	N	T	LEAD
04/21/10	10.000	University Area Joint Authority	PA	Sewer Revenue Bonds	Series of 2010	N	E	CO-MGR
04/28/10	283.570	Massachusetts Water Resources Au	MA	General Revenue & Rev Ref Bonds	2010 Series A & B	N	E	CO-MGR
05/28/10	140.850	NYS Environmental Facs Corp	NY	State Revolving Funds Rev Bonds	Series 2010 C	N	E	CO-MGR
06/09/10	6.205	Ohio Water Development Authority	OH	Drinking Wtr Assist Fd Rev Bonds	Leverage Ser 2010 A	N	E	CO-MGR
06/09/10	19.255	Ohio Water Development Authority	OH	Drinking Wtr Assist Fd Rev Bonds	St Match Ser 2010 A	N	E	CO-MGR
06/09/10	44.530	Ohio Water Development Authority	OH	Drinking Wtr Assist Fd Rev Bonds	Leverage Ser 2010 B	N	T	CO-MGR
06/10/10	38.510	Tucson City-Arizona	AZ	Water System Revenue Obligations	Series 2010 A	N	T	LEAD
06/15/10	4.220	Kandiyohi Co-Minnesota	MN	GO Sewer & Water Rev Ref Bonds	Series 2010 B	C	E	LEAD
06/16/10	295.850	Dallas City-Texas	TX	Wtrwrks & Swr Sys Rev Ref Bonds	Series 2010	N	E	CO-MGR
06/16/10	15.000	Rhode Island Clean Water Fin Agy	RI	Revenue BANs	2010 Series A	P	E	SOLE
06/22/10	21.515	Arlington City-Texas	TX	Wtr & Wstwr Sys Rev & Ref Bonds	Series 2010	N	E	CO-MGR
06/22/10	554.045	NYC Municipal Water Finance Auth	NY	Wtr&Swr Gen Resolution Rev Bonds	2010 Series GG	N	T	CO-MGR
06/28/10	.680	Fairbank City-Iowa	IA	GO Corporate Purpose & Ref Bonds	Series 2010	C	E	LEAD
06/29/10	233.915	Massachusetts Wtr Poll Abate Tr	MA	State Revolving Fund & Ref Bonds	Series 15 A & 2010 A	N	E	CO-MGR
06/29/10	252.595	Massachusetts Wtr Poll Abate Tr	MA	State Revolving Fund Bonds	Series 15 B	N	T	CO-MGR
07/19/10	.261	Anthony City-Kansas	KS	GO Temporary Notes	Series 2010	C	E	LEAD
07/19/10	334.365	King Co-Washington	WA	Sewer Revenue & Refunding Bonds	Series 2010	C	E	SOLE

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Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of BofA ML
07/21/10	220.860	Jacksonville Electric Authority	FL	Water & Sewer Sys & Sub Rev Bonds	2010 Series A & D	N	E	CO-MGR
07/22/10	344.200	San Francisco Public Util Comm	CA	Water Revenue Bonds	2010 Ser DE Subser E	C	T	LEAD
07/29/10	15.930	Sacramento Co Sanit Dt Fin Auth	CA	Revenue Bonds	Series 2010 B	N	E	LEAD
07/29/10	110.690	Sacramento Co Sanit Dt Fin Auth	CA	Revenue Bonds	Series 2010 A	N	T	LEAD
07/30/10	46.245	Davie Town-Florida	FL	Water and Sewer Revenue Bonds	Series 2010	N	T	CO-MGR
08/03/10	10.135	Edgefield Co Water & Sewer Auth	SC	Waterworks & Sewer Sys Rev Bonds	Series 2010	N	E	SOLE
08/06/10	30.085	Jupiter Island Town-Florida	FL	Utility System Revenue Ref Bonds	Series 2010	N	E	SOLE
08/10/10	407.850	Portland City-Oregon	OR	Second Lien Sewer Sys Rev Bonds	2010 Series A	C	E	SOLE
08/27/10	46.360	Polk Co-Florida	FL	Utility System Revenue Bonds	Series 2010	N	T	LEAD
09/01/10	8.865	Sarasota City-Florida	FL	Water & Sewer Sys Rev Ref Bonds	Series 2010 A	N	E	CO-MGR
09/01/10	25.255	Sarasota City-Florida	FL	Water & Sewer System Rev Bonds	Series 2010 B	N	T	CO-MGR
09/02/10	49.310	Lee Co Industrial Dev Authority	FL	Utility System Revenue Bonds	Series 2010	N	E	SOLE
09/08/10	41.455	Camden Co Public Service Auth	GA	Refunding Revenue Bonds	Series 2010	N	E	CO-MGR
09/09/10	25.820	Tallahassee City-Florida	FL	Consolidated Util Sys Rev Bonds	Series 2010 B	N	E	CO-MGR
09/09/10	117.015	Tallahassee City-Florida	FL	Consolidated Util Sys Rev Bonds	Series 2010 A	N	T	CO-MGR
09/13/10	6.865	Inver Grove Hgts City-Minnesota	MN	GO Sewer Revenue Bonds	Series 2010 A	C	E	LEAD
09/16/10	750.000	NYC Municipal Water Finance Auth	NY	Wtr & Swr 2nd Gen Res Rev Bonds	2011 Series AA	N	T	CO-MGR
09/22/10	210.040	NYC Municipal Water Finance Auth	NY	Wtr & Swr 2nd Gen Res Rev Bonds	2011 Series BB	N	E	CO-MGR
09/22/10	15.850	Ohio Water Development Authority	OH	Drinking Wtr Assist Fd Ref Bonds	Series 2010 B	N	E	CO-MGR
09/22/10	100.560	Ohio Water Development Authority	OH	Drinking Wtr Assist Fd Ref Bonds	Series 2010 C	N	E	CO-MGR
09/22/10	10.000	Springfield City-Oregon	OR	Sewer System Revenue Bonds	Series 2010	C	E	SOLE
09/29/10	5.705	Colorado Springs City-Colorado	CO	Utilities System Imp Rev Bonds	Series 2010 B-1	N	E	LEAD
09/29/10	174.295	Colorado Springs City-Colorado	CO	Utilities System Imp Rev Bonds	Series 2010 B-2	N	T	LEAD
09/29/10	28.840	Upper Trinity Regional Water Dt	TX	Reg Treated Wtr Sup Rev Bonds	Series 2010 A	N	E	CO-MGR
10/04/10	775	Caidwell-Kansas	KS	Temporary Notes	Series 2010	C	E	LEAD
10/05/10	59.095	Connecticut	CT	General Obligation Bonds	2010 Series D-1	N	T	CO-MGR
10/05/10	164.925	Indiana Finance Authority	IN	St Revolv Fund Prog & Ref Bonds	Series 2010 B & C	N	E	LEAD
10/06/10	58.095	East Bay MUD	CA	Wastewater Sys Rev Ref Bonds	Series 2010 A	N	E	CO-MGR
10/06/10	150.000	East Bay MUD	CA	Wastewater System Revenue Bonds	Series 2010 B	N	T	LEAD
10/13/10	100.785	Rancho Calif Wtr Dt Fin Auth	CA	Revenue Bonds	Series of 2010 A	N	T	LEAD
10/19/10	18.035	Hillsborough Co-Florida	FL	Utility Revenue Bonds	Series 2010 A	C	E	SOLE
10/20/10	300.000	District of Columbia Wtr & Swr Au	DC	Public Utility Sub Lien Rev Bonds	Series 2010 A	N	T	CO-MGR
10/20/10	13.140	Peace River-Manasota Wtr Supp	FL	Utility System Revenue Bonds	Series 2010 A	N	E	CO-MGR
10/20/10	29.555	Peace River-Manasota Wtr Supp	FL	Utility System Revenue Bonds	Series 2010 B	N	T	CO-MGR
10/21/10	3.480	Jacksonville Electric Authority	FL	Water & Sewer System Rev Bonds	2010 Series G	N	E	LEAD
10/21/10	45.520	Jacksonville Electric Authority	FL	Water and Sewer Sys Rev Bonds	2010 Series F	N	T	LEAD
10/21/10	73.760	Jacksonville Electric Authority	FL	Water & Sewer Sys Sub & Rev Bonds	Series 2010 B & E	N	E	CO-MGR
10/21/10	18.785	North Fort Bend Water Authority	TX	Water System Revenue Bonds	Series 2010 B	N	E	CO-MGR
10/21/10	41.215	North Fort Bend Water Authority	TX	Water System Revenue Bonds	Series 2010 A	N	E	CO-MGR
10/25/10	550	Manchester City-Iowa	IA	GO Water Improvement Bonds	Series 2010 B	N	E	LEAD
10/26/10	25.795	Honolulu City & Co-Hawaii	HI	Wastewater Sys Revenue Bonds	Sr Subser 2010 A	N	E	LEAD
10/26/10	100.755	Honolulu City & Co-Hawaii	HI	Wastewater System Revenue Bonds	Jr Series 2010 A	N	E	LEAD
10/26/10	178.640	Honolulu City & Co-Hawaii	HI	Wastewater Sys Revenue Bonds	Sr Subser 2010 B	N	T	LEAD
10/26/10	91.000	Minnesota Public Facilities Auth	MN	St Revolving Fund Revenue Bonds	Series 2010 D	C	T	SOLE
10/26/10	200.000	Minnesota Public Facilities Auth	MN	St Revolving Fund Revenue Bonds	Series 2010 C	C	E	SOLE
11/02/10	1.280	Weatherby Lake-Missouri	MO	GO Waterworks Refunding Bonds	Series 2010	N	E	LEAD
11/03/10	104.645	Tampa Bay Water Auth	FL	Utility System Ref Revenue Bonds	Series 2011	N	E	LEAD
11/04/10	2.150	Butler Co Public Wtr Supp Dt #1	MO	Waterworks Rev Ref Bonds	Series 2010	N	E	LEAD
11/04/10	65.920	Missouri Env Imp & Energy Res Au	MO	Water PC & Drinking Wtr Rev Bonds	Series 2010 B	N	E	CO-MGR
11/09/10	90.780	Iowa Finance Authority	IA	State Revolving Fund Rev Bonds	Series 2010 A	N	E	CO-MGR
11/09/10	202.110	Iowa Finance Authority	IA	State Revolving Fund Rev Bonds	Series 2010 B	N	T	CO-MGR
11/10/10	750.000	NYC Municipal Water Finance Auth	NY	Wtr & Swr 2nd Gen Res Rev Bonds	Series CC	N	T	CO-MGR
11/16/10	3.560	Cannon Falls City-Minnesota	MN	GO Water Ref Revenue Bonds	Series 2010 A	C	E	LEAD
11/16/10	180.550	Gwinnett Co Water & Sewer Auth	GA	Revenue Refunding Bonds	Series 2010	C	E	SOLE
11/16/10	117.265	New Jersey Environ Infrastr Trust	NJ	Env Infrastructure Bonds	Series 2010 B	C	E	SOLE
11/18/10	76.855	Austin City-Texas	TX	Water & Wstwr Sys Rev Ref Bonds	Series 2010 A	N	E	CO-MGR
11/18/10	100.970	Austin City-Texas	TX	Water & Wstwr Sys Rev Ref Bonds	Series 2010 B	N	T	CO-MGR
12/01/10	131.040	Charleston City-South Carolina	SC	Wtrwrks&Swr Sys Ref&Cap Imp Rev	Series 2010	N	E	LEAD
12/01/10	8.390	Kansas Development Fin Auth	KS	Revolving Funds Revenue Bonds	Series 2010 SRF-3	N	T	CO-MGR
12/01/10	60.520	Kansas Development Fin Auth	KS	Revolving Funds Revenue Bonds	Series 2010 SRF-2	N	T	CO-MGR
12/01/10	145.040	Kansas Development Fin Auth	KS	Revolving Funds Revenue Bonds	Series 2010 SRF-1	N	E	CO-MGR
12/08/10	3.725	Nevada	NV	GO Wtr PC Revolv Lever Ref Bonds	Series 2010 H-2	N	T	SOLE
12/08/10	4.535	Nevada	NV	GO Wtr PC Revolv Fd Match Bonds	Series 2010 G	N	E	SOLE
12/08/10	4.625	Nevada	NV	GO Wtr PC Revolv Lever Ref Bonds	Series 2010 H-1	N	E	SOLE
12/08/10	6.235	Nevada	NV	GO Drink Wtr Revolv & Ref Bonds	Series 2010 I	N	E	SOLE
12/15/10	46.655	Sarasota Co-Florida	FL	Utility System Revenue Bonds	Series 2010	N	T	LEAD
01/03/11	250	Ashland-Kansas	KS	General Obligation Bonds	Series 2011	C	E	LEAD
01/19/11	450.000	NYC Municipal Water Finance Auth	NY	Water and Sewer Sys Rev Bonds	Series EE	N	E	CO-MGR
01/24/11	650	Independence City-Iowa	IA	GO Sewer Improvement Bonds	Series 2011	C	E	LEAD
02/09/11	5.720	Bristol Town-Rhode Island	RI	General Obligation Bonds	Series 2011	C	E	LEAD
02/15/11	132.745	NYS Environmental Facs Corp	NY	State Revolving Funds Rev Bonds	Series 2011 A	N	E	CO-MGR
03/02/11	100.000	NYC Municipal Water Finance Auth	NY	Wtr & Swr 2nd Gen Res Rev Bonds	2011 Series FF-1	N	E	SOLE



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**National Water/Sewer Financing Experience**

Sale Date	Par (\$Millions)	Issuer	State	Issue Description	Series	Bid	Tax Status	Role of
03/16/11	182.935	Connecticut	CT	State Revolv Fund Gen Rev Bonds	2011 Series A	N	E	CO-MGR
03/24/11	541.810	NYC Municipal Water Finance Auth	NY	Wtr & Swr Sys Revenue Bonds	2011 Series GG	N	E	CO-MGR
03/24/11	57.910	Oklahoma Water Resources Bd	OK	Revolving Fund Revenue Bonds	Series 2011 B	N	E	LEAD
03/24/11	85.000	Oklahoma Water Resources Bd	OK	Revolving Fund Revenue Bonds	Series 2011 A	N	E	LEAD
03/29/11	3.210	Odessa-Missouri	MO	Waterworks Refunding Rev Bonds	Series 2011	N	E	LEAD
04/05/11	64.900	Charlotte Co-Florida	FL	Utility System Ref Revenue Bonds	Series 2011	N	E	CO-MGR
04/06/11	46.555	San Antonio City-Texas	TX	Water System Revenue Ref Bonds	Series 2011	N	E	LEAD
04/12/11	.540	Fairfax City-Iowa	IA	GO Water Improvement Bonds	Series 2011	C	E	LEAD
04/28/11	2.430	Odessa-Missouri	MO	Certificates of Participation	Series 2011	N	E	LEAD
05/11/11	58.110	Las Vegas Valley Water Dt	NV	GO Ltd Tax Refunding Bonds	Series 2011 A	N	T	CO-MGR
05/11/11	150.000	Massachusetts Water Resources Au	MA	General Revenue Bonds	2011 Series B	N	E	CO-MGR
05/17/11	129.540	Texas	TX	Water Financial Assistance Bonds	Series 2011 A	N	E	CO-MGR
05/18/11	57.465	Durham City-North Carolina	NC	Utility Sys Revenue & Ref Bonds	Series 2011	N	E	CO-MGR
05/18/11	83.155	San Jacinto River Authority	TX	Special Project Revenue Bonds	Series 2011	N	E	CO-MGR
06/02/11	520.675	NYS Environmental Facs Corp	NY	St Clean & Drink Wtr Revolv Bonds	Series 2011 B	N	E	CO-MGR
06/08/11	156.925	Baltimore Mayor & City Council	MD	Project Revenue Bonds	Series 2011 A	N	E	LEAD
06/09/11	167.855	So California Metro Water Dt	CA	Water Revenue Refunding Bonds	2011 Series B	N	E	CO-MGR
<b>\$67,040,558</b>								

**California Senior Managed Water/Sewer Financing Experience**

Sale Date	Par (\$Millions)	Issuer	Issue Description	Series	Bid	Tax Status	
02/07/06	\$241.080	Los Angeles Dept of Wtr & Power	Water System Revenue Bonds	2006 Subser A-1	N	E	
02/16/06	75.060	Assoc of Bay Area Govt (ABAG)	Water & Wastewater Rev Bonds	Series 2006 A	C	E	
02/28/06	617.880	San Francisco Public Util Comm	Water Revenue Refunding Bonds	2006 Series A & B	C	E	
04/05/06	98.995	Los Angeles City-California	Wastewater Sys Subor Rev Bonds	Series 2006 B 1-2	N	E	
04/19/06	12.450	Santa Cruz City-California	Water Revenue Bonds	Series 2006	C	E	
05/24/06	37.070	So California Metro Water Dt	Water Revenue Refunding Bonds	2006 Series A-1	N	E	
06/15/06	11.500	Sonoma Co Water Agency	Water Revenue Bonds	2006 Sereis A	N	E	
11/01/06	46.275	Modesto City-California	Water Rev Certs of Participation	2006 Series A	N	E	
11/15/06	175.000	San Diego Co Water Auth	Commercial Paper Notes	Series 3	N	E	
04/23/07	21.550	Pasadena City-California	Water Revenue Bonds	2007 Series	C	E	
05/22/07	119.175	East Bay MUD	Water Sys Sub Rev Ref Bonds	Series 2007 C 6 & 7	N	E	
06/06/07	100.000	So California Metro Water Dt	Water Revenue Refunding Bonds	Series 2007 A-1	N	E	
07/11/07	17.965	Olivenhain Muni Wtr Dt (OMWD)	Ltd Oblig Improvement Bonds		N	E	
07/18/07	100.000	Irvine Ranch Water Dt	General Obligation Bonds	Series 2007	N	E	
09/11/07	9.700	California Enterprise Dev Auth	Sewage Facilities Revenue Bonds	Series 2007	N	A	
09/19/07	33.580	Placer Co Water Agency	Second Senior Water Rev COPs	Series 2007	N	E	
11/14/07	81.900	So California Metro Water Dt	Water Revenue Refunding Bonds	2007 Series B	N	E	
02/12/08	34.995	Yorba Linda Water Dt	Rev Certificates of Participation	Series 2008	C	E	
03/24/08	250.940	So California Metro Water Dt	Water Revenue Refunding Bonds	2008 Series A-1	N	E	
04/15/08	40.385	Placer Co Water Agency	Wtr Rev Certs of Participation	Series 2008	N	E	
04/30/08	125.625	Los Angeles City-California	Wastewater Sys Sub Rev Ref Bonds	Series 2008 F-1&2	N	E	
05/12/08	60.300	Riverside City-California	Water Revenue Bonds	Issue of 2008 A	N	E	
05/15/08	58.235	Riverside City-California	Water Revenue Bonds	Issue of 2008 B	N	E	
05/15/08	5.035	Westminster City-California	Ref Certificates of Participation	Series 2008	N	E	
05/29/08	47.625	Modesto City-California	Water Refunding Revenue COPs	2008 Series A	N	E	
06/05/08	3.235	Olivehurst Pub Util CFD #2002-1	Subordinate Special Tax Bonds	Series 2008	N	E	
07/09/08	10.355	Santa Cruz Co (Felton) CFD #1	Special Tax Bonds	2008 Series B	N	E	
07/29/08	114.110	Eastern Municipal Water Dt	Wtr & Swr Rev & Ref COPs	Series 2008 E & G	N	E	
11/04/08	44.345	Western Municipal Water Dt	Refunding BANs	Series 2008	N	E	
04/24/09	27.500	San Diego Co Water Auth	Commercial Paper Notes	Series 1	N	E	
05/06/09	453.775	San Diego Public Facs Fin Auth	Senior Sewer Revenue Bonds	Series 2009 A	N	E	
05/06/09	54.340	Western Muni Wtr Dt Facs Au	Water Revenue Bonds	Series of 2009 B	N	E	
05/13/09	48.000	Western Muni Wtr Dt Facs Au	Water Revenue Refunding Bonds	Series of 2009 A	N	E	
09/28/09	11.000	Western Municipal Water Dt	Certificates of Participation		P	E	
11/24/09	23.580	Lake Arrowhead Comm Services Dt	Water & Wastewater Revenue COPs	Series 2009	N	E	
04/08/10	436.955	Irvine Ranch Wtr Dt Jt Pwr Argy	Refunding Bonds	Issue 2, Series 2010	N	T	
07/22/10	344.200	San Francisco Public Util Comm	Water Revenue Bonds	2010 Ser DE Subser	C	T	
07/29/10	15.930	Sacramento Co Sanit Dt Fin Auth	Revenue Bonds	Sereis 2010 B	N	E	
07/29/10	110.690	Sacramento Co Sanit Dt Fin Auth	Revenue Bonds	Series 2010 A	N	T	
10/06/10	150.000	East Bay MUD	Wastewater System Revenue Bonds	Series 2010 B	N	T	
10/13/10	100.785	Rancho Calif Wtr Dt Fin Auth	Revenue Bonds	Series of 2010 A	N	T	
<b>Total</b>		<b>\$4,371,120</b>					

**APPENDIX D. CASE STUDIES**

**Lake Arrowhead Community Services District**  
\$23,580,000 Water and Wastewater Revenue  
Certificates of Participation, Series 2009



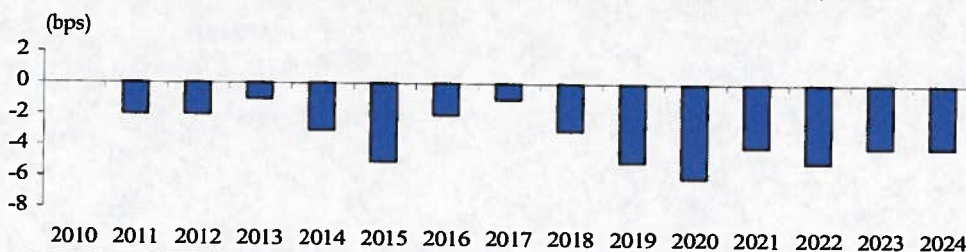
BofA ML served as Senior Manager for Lake Arrowhead Community Services District on November 24, 2009.

To ensure best reception for District's COPs, BofA ML recommended posting the P.O.S. at least a week ahead of the sale to provide ample time to pre-market. Importantly, BofA ML advised including "Water and Wastewater Revenue" in the title of the transaction in order to increased market demand.

Given the relatively small size of the transaction, the District targeted a less crowded part of the calendar to maximize investor focus on the COPs. Ultimately, the District brought its issue to market on the Tuesday before Thanksgiving, as there were only about \$2 billion in bonds pricing in that week vs. \$8-10 billion in surrounding weeks.

In order to preserve the District's funding cost, BofA ML used its capital to underwrite more than 80% of the transaction, allowing the District to price significantly through a comparable COPs transaction on that same week for the City of Roseville's \$27,010,000 Electric System Revenue Refunding COPs.

**Spread to "AAA" MDD**  
**Lake Arrowhead Community Services District COPs vs. City of Roseville Utility COPs**



**Rancho California Water District**  
\$100,785,000 Fixed Rate Revenue Bonds, Series of 2010A  
(Federally Taxable Direct Pay Build America Bonds)



BofA ML served as Senior Manager for Rancho California Water District's ("RCWD") Fixed Rate Revenue Bonds, Series of 2010A BABs ("2010 Bonds").

BofA ML worked with RCWD to structure a "wrap" debt service structure in order to maximize the benefit of the BABs subsidy. To maximize proceeds and minimize costs, BofA ML also recommended structuring the 2010 Bonds with no Debt Service Reserve Fund

To secure the most favorable ratings, our team helped coordinate in-person rating agency meetings that resulted in an S&P upgrade to "AA+", while Moody's and Fitch re-confirmed RCWD's ratings at "Aa2" and "AA+", respectively.

As part of RCWD's comprehensive marketing process, BofA ML assisted in the implementation of a pre-recorded NetRoadshow presentation to highlight its strong credit to potential investors. In the week leading up to the sale, BofA ML maintained dialogue with key institutional accounts. Furthermore, although the structure was less attractive to retail, Merrill Lynch's retail brokers still focused on high net worth retail buyers in Riverside County.

The bonds were structured with an optional make-whole call through 10 years and an optional par call thereafter to provide maximum flexibility. BofA ML also helped RCWD and its Financial Advisor monitor the optimal mix between BABs and traditional tax-exempt bonds. Ultimately, all of the 2010 Bonds were sold as Par Call BABs with a 27-year average life and a net true interest cost of 4.16%. The entire issue was placed with a diverse mix of institutional investors as well as a few high net worth retail accounts.

**East Bay Municipal Utility District**  
\$150,000,000 Wastewater System Revenue Build America Bonds, Series 2010B  
\$58,095,000 Wastewater System Revenue Refunding Bonds, Series 2010A



On October 6, 2010, Bank of America Merrill Lynch senior managed a \$150 million Build America Bond issuance for the East Bay Municipal Utility District (the "District"). Additionally, BofA ML served as a co-manager on the District's Series 2010A Refunding Revenue Bonds which were issued to refinance certain State Loans for economic savings and restructure \$50 million of the District's outstanding Variable Rate Demand Obligations with an expiring Liquidity facility.

The District has approximately \$190 million of near-term Wastewater System upgrades and improvements which created an opportunity to access the BABs marketplace before year end. Marketing the BABs included recording a NetRoadshow and multiple one-on-one investor conference calls directly with the District's Chief Financial Officer. The District decided to enter the market the week of October

RESPONSE TO REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES  
BIG BEAR MUNICIPAL WATER DISTRICT

4, 2010 to get ahead of an anticipated large year end calendar filled with issuers trying to access the BABs program before its sunset.

The District and BofA ML decided to enter the market at very aggressive spreads. During Whisper Talk, approximately \$100 million of orders were generated from five different investors. The shorter term bond (2032 final maturity) was fully subscribed while the 2040 term bond needed of nearly \$50 million in additional participation. Instead of increasing yields to place the transaction, BofA ML worked the investors and found additional orders. One investor desired a shorter average life and working with the District, BofA ML was able to shave the 2033 maturity out of the 2040 term bond and sell it at a very aggressive level. Orders totaled \$157.495 million with final pricing of +135 basis points in 2032, +140 in 2033 and +150 in 2040. The District achieved a 3.38% (net of the subsidy) all-in true interest cost on the transaction.

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APPENDIX E. FINANCE TEAM RESUMES

**Bank of America  
Merrill Lynch**

**Jeffrey D. Bower**  
Managing Director  
(213) 345-9580  
[jeffrey.bower@bamf.com](mailto:jeffrey.bower@bamf.com)

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**Role:** Lead Banker & Water Specialist  
**Education:** BA-Dartmouth  
MBA-University of California, Los Angeles  
**FINRA:** Series 7, 53, and 63

During his public finance career, Mr. Bower has senior managed over \$30 billion for general municipal and municipal water/wastewater issuers in California, Arizona, Nevada, Hawaii and Washington. His experience includes senior managed Revenue Bonds, COP/Lease Revenue Structures, G.O. Bonds, BANs and Commercial Paper for many of the largest water and wastewater issuers in the western states. Notably, this experience includes senior managed financings for local agencies such as the Metropolitan Water District of Southern California, Rancho California Water District, Western Municipal Water District, Palmdale Water District, Irvine Ranch Water District, Santa Clara Valley Water District, East Bay Municipal Utilities District, San Luis Obispo Flood Control and Water Conservation District, Sacramento Regional County Sanitation District, Orange County Sanitation District, Los Angeles County Sanitation Districts, Sacramento County Sanitation District, and the Orange County Water District, among others. Mr. Bower currently is serving as lead banker on financings for Los Angeles County Sanitation Districts and Eastern Municipal Water District.

**Bank of America  
Merrill Lynch**

**Bruce Huang**  
Vice President  
(213) 345-9577  
[bruce.huang@bamf.com](mailto:bruce.huang@bamf.com)

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**Role:** Co-Lead Banker & Water Specialist  
**Education:** BA-University of California, Los Angeles  
**FINRA:** Series 7 and 63

Mr. Huang started his public finance career in 2000. His experience with municipal finance includes providing lead execution and quantitative support on over \$12 billion of senior managed financings for municipal issuers within the states of California, Hawaii, Washington, Nevada, Arizona, and the Territory of Guam. Mr. Huang has water/sewer financing experience with issuers such as the State of California Department of Water Resources, Rancho California Water District, Western Municipal Water District, Yorba Linda Water District, San Luis Obispo's Nacimiento's Water Project, Yucaipa Valley Water District, Lake Arrowhead, the City and County of Honolulu's Board of Water Supply and Wastewater System, and Guam Waterworks Authority.

**Bank of America  
Merrill Lynch**

**Cody Press**  
Director  
(213) 345-9587  
[cody.press@bamf.com](mailto:cody.press@bamf.com)

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**Role:** Senior Advisor  
**Education:** BA-Dartmouth  
MBA-Univ. of Pennsylvania Wharton School  
**FINRA:** Series 7 and 63

Mr. Press recently rejoined BoFA ML, and offers over 26 years of public financing experience. He has worked with a number of municipalities nationally, but currently his main focus is to assist municipal issuers on the West Coast, especially in California. Mr. Press has tremendous experience working with water and wastewater issuers including local California issuers such as the Metropolitan Water District of Southern California, Los Angeles DWP, West Basin Municipal Water District, San Diego County Water Authority, City of San Diego, Irvine Ranch Water District, and the East Bay Municipal Utilities District. *Notably, Mr. Press served as Senior Manager for the City's 1989 acquisition financing and subsequent refunding issue in 1993.*

**Bank of America  
Merrill Lynch**

**Kevin O'Brien**  
Director  
(213) 345-9576  
[k.o'brien@bamf.com](mailto:k.o'brien@bamf.com)

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**Role:** Senior Advisor  
**Education:** BA-University of Michigan  
MBA-Northwestern  
**FINRA:** Series 7, 53 and 63

Mr. O'Brien joined BoFA ML in March 2001 and has over 14 years of municipal finance experience, including experience with bond proceeds investment advisory and arbitrage rebate services. Mr. O'Brien has worked with a number of municipalities throughout the nation, but focuses on public-private partnerships. Relevant experience includes transactions for Los Angeles County, San Diego County, Contra Costa County, Clark County (NV), the Cities of Pasadena, Riverside, San Diego, and Las Vegas, San Diego Area Local Governments and numerous transactions for Los Angeles Unified School District, the State of California and California Department of Water Resources. *Mr. O'Brien was the senior banker in the refunding transaction of the District's 1992 water revenue bonds.*

**Bank of America  
Merrill Lynch**

**Jack Tsang**  
Vice President  
(213) 345-9578  
[jack.tsang@bamf.com](mailto:jack.tsang@bamf.com)

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**Role:** Quantitative Specialist  
**Education:** BS-University of California, Riverside  
**FINRA:** Series 7 and 63

Mr. Tsang has 8 years of experience in public finance and has worked on \$10 billion of senior managed municipal finance transactions, including issues for the some of the largest issuers on the West Coast, including the State of California, State of Hawaii, City and County of Honolulu, City of Los Angeles and Los Angeles County. Importantly, Mr. Tsang has extensive experience working with water and wastewater utility clients in California. His previous senior managed experience includes financings for the California Department of Water Resources, Palmdale Water District, Los Angeles County Sanitation Districts, State of California Department of Water Resources, and Rancho California Water District. Mr. Tsang currently is providing analytical and execution efforts for the Los Angeles County Sanitation Districts and Eastern Municipal Water District financings.

**Bank of America  
Merrill Lynch**

**Geoffrey Sauers**  
Analyst  
(213) 345-9583  
[geoffrey.sauers@bamf.com](mailto:geoffrey.sauers@bamf.com)

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**Role:** Support Banker  
**Education:** BS-University of Southern California  
MS-London School of Economics  
**FINRA:** Series 7

Mr. Sauers has two years of public finance experience and joined BoFA Merrill Lynch in April 2011. He will provide day-to-day analytical, quantitative and deal execution support for the team. Since joining BoFA Merrill Lynch, Mr. Sauers has assisted on a variety of debt financings such as water utility bonds, general obligation bonds, revenue bonds, and lease revenue/COP transactions. Mr. Sauers currently is working on a senior managed refunding transaction for the Eastern Municipal Water District.

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BIG BEAR MUNICIPAL WATER DISTRICT

<p><b>Rob Barber</b> Managing Director (212) 449-5081 <a href="mailto:robert.barber@baml.com">robert.barber@baml.com</a></p> <hr/> <p><b>Role:</b> Lead Fixed Rate Underwriter <b>Education:</b> BA-Washington &amp; Lee University <b>FINRA:</b> Series 7 and 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Mr. Barber joined BofA ML in 1982. He is currently our lead negotiated underwriter and a member of the senior team that manages the Municipal Markets Division. Previously, Mr. Barber managed the Municipal Derivative Trading Desk and also served as Manager of the Tax-Exempt Money Market Underwriting Desk where he managed over \$15 billion in notes and put bond offerings. Mr. Barber is an integral part of our coverage team for California, and appreciates the opportunity to provide direct market feedback to our in-State clients. He currently is serving as the lead underwriter for an upcoming financing for the Los Angeles County Sanitation Districts.</p>
<p><b>Catherine Crews</b> Vice President (212) 449-5081 <a href="mailto:catherine.crews@baml.com">catherine.crews@baml.com</a></p> <hr/> <p><b>Role:</b> Fixed Rate Underwriter <b>Education:</b> BS-Bucknell University <b>FINRA:</b> Series 7 and 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Ms. Crews joined BAML in 2003 initially in the Public Finance Banking Group. Since then, she has 4 years experience of negotiated and competitive fixed rate bond underwriting. She serves as one of our main underwriters who lead our municipal underwriting efforts on the West Coast. Ms. Crews' experience includes senior managed financings for municipal water/wastewater issuers, public power issuers, general government issuers, transportation agencies, healthcare issuers, as well as housing and education municipalities.</p>
<p><b>Rose Wang</b> Vice President (213) 345-4344 <a href="mailto:rose.wang@baml.com">rose.wang@baml.com</a></p> <hr/> <p><b>Role:</b> California Retail Marketing <b>Education:</b> BS-University of California, Los Angeles MBA-University of Southern California <b>FINRA:</b> Series 7 and 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Ms. Wang joined BofA Merrill Lynch in April 2005 after having spent 7 years at her prior firm, UBS. In her prior role, she provided analytical and execution support for over \$2 billion in land secured financings for over 12+ years in the industry. She also has spent considerable time during her banking career working with many West Coast general municipal issuers, including Cities and Counties. Ms. Wang transitioned to our Los Angeles retail marketing desk this past year to help provide expertise in municipal credits for Merrill Lynch's retail financial advisors. <i>Notably, Ms. Wang provided execution support for the District's 2003 COPs.</i></p>
<p><b>Jeff Harris</b> Vice President (213) 345-4344 <a href="mailto:jeff.harris@baml.com">jeff.harris@baml.com</a></p> <hr/> <p><b>Role:</b> California Retail Trading <b>Education:</b> BS-Truman State University <b>FINRA:</b> Series 7 and 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Mr. Harris joined Bank of America Merrill Lynch in 2005. He has traded California paper for over 11 years for both retail and institutional accounts. Mr. Harris works closely with our marketing staff to provide liquidity and product to Merrill Lynch's retail sales for on a daily basis, including the County's fixed rate bonds in the primary and secondary markets. Notably, he was part of the team that helped market the County's 2010 Lease Revenue Bonds to local investors. Prior to joining BofA ML, he worked at A.G. Edwards for 12 years where he served as the manager of their western region trading desk.</p>
<p><b>Brad Gewehr</b> Director (646) 743-1336 <a href="mailto:bradley.gewehr@baml.com">bradley.gewehr@baml.com</a></p> <hr/> <p><b>Role:</b> Credit Specialist <b>Education:</b> BA-Amherst College MBA-New York University <b>FINRA:</b> Series 7 and 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Mr. Gewehr recently joined BofA ML's Municipal Products Group to provide municipal credit expertise to our West Coast clients. Prior to joining BofA ML, he was with UBS where he was the head of their municipal credit strategies group. He has over 28 year of experience in public finance and has assisted numerous municipal issuers on credit analyses and strategies. Importantly, Mr. Gewehr spent many years at Moody's as a Managing Director where he supervised a staff of analysts responsible for assigning and maintaining ratings on municipal tax-backed, utility revenue, and lease credits in 26 states. He offers expertise to all of BofA ML's California clients.</p>
<p><b>Sandy Brinkert</b> Director (646) 743-1312 <a href="mailto:sandra.brinkert@baml.com">sandra.brinkert@baml.com</a></p> <hr/> <p><b>Role:</b> Municipal Credit Specialist <b>Education:</b> BA - Northwestern University <b>FINRA:</b> Series 7 and 53, 63</p>	<p><b>Bank of America Merrill Lynch</b></p> <p>Ms. Brinkert is a Director in the Municipal Products Group specializing in municipal credit strategies. She also participates in the investor relations strategies for all of our municipal clients. Ms. Brinker has 25 years experience in municipal bonds including acting as a credit enhancer at commercial banks and bond insurers, sell side research and investment banking. Her clients have included issuers from most sectors of the market including cities, states, school districts, hospitals, utilities, transportation, sports facilities, project financings and public private partnerships. Prior to joining BofA ML in 2008, she was manager of public finance underwriting at ACA Capital, an underwriter in project finance at Ambac and an investment banker, credit research analyst and commercial banker at JP Morgan.</p>



**REQUEST FOR PROPOSAL FOR  
UNDERWRITING SERVICES**



**Due Date: Wednesday, June 22, 2011 (4:00 PM PDT)**



**STONE &  
YOUNGBERG**

San Francisco Los Angeles San Diego Big Bear Phoenix Chicago New York Annapolis Richmond



June 22, 2011

Mr. Scott Heule  
General Manager  
Big Bear Municipal Water District  
sheule@bbmwd.net

Dear Scott:

On behalf of Stone & Youngberg, we are pleased to submit our response to the Big Bear Municipal Water District's (the "District") Request for Proposal for Underwriting Services. As California's most experienced underwriter in the water utility sector, we are well positioned to assist the District with its contemplated financing. The following points highlight firm credentials, detailed herein, which set Stone & Youngberg apart and are relevant to the District.

- ◆ **Big Bear Presence.** Headquartered in California, we also maintain an office at 42605 Moonridge Road in Big Bear Lake. The relationships of this group enhance our local and California distribution resources for credits like the District and are a key differentiator that will set Stone & Youngberg's marketing efforts apart.
- ◆ **Commitment to California.** Stone & Youngberg continues to be the preeminent underwriter in California, setting the pace by senior managing more California new issues than any firm. In 2010, we senior managed 131 negotiated offerings in California, *nearly 60% more than the closest California-based underwriter and more than 3 times the closest national underwriter.* For year to date 2011, we continue to maintain our top position, having senior managed 75 new issues within the state for well over \$1 billion. Our consistent market presence gives us the ability to develop effective marketing plans by leveraging our long-term relationships with the most important retail and institutional buyers to provide our clients with optimal pricing results. This unmatched market access and knowledge will deliver a highly efficient pricing for the District.
- ◆ **Commitment to Water Utilities and Experience with COP Financings.** Founded to help water utilities finance their capital needs during the Great Depression, Stone & Youngberg has been a leader in California water financings ever since. We are also the leader in California for Certificates of Participation ("COPs"), uniquely augmenting our water utility experience for the benefit of the District's financing structure. Over the past five years *Stone & Youngberg has senior managed more California Water and COP financings than any other firm,* offering the District an unmatched set of combined credentials and experiences.
- ◆ **Commitment of Capital to Achieve Optimal Borrowing Cost.** The real test of an underwriter in achieving the most cost-effective underwriting possible comes on difficult days in the market, when a successful transaction depends on aggressive marketing and a commitment to underwriting unsold bonds. Stone & Youngberg has consistently been able to demonstrate this commitment. Of relevance, we cite our sale of water revenue bonds for the Metropolitan Water District of Southern California, for whom we stepped up to underwrite over 26% of the \$200 million issue (\$53 million) – in a quickly deteriorating market – to lock-in an aggressive pricing.

For 80 years, Stone & Youngberg has earned a reputation for bringing honest, thoughtful and energetic service to our clients. We appreciate the opportunity to present our credentials and look forward to earning your business.

Sincerely,

Tom Innis  
Managing Director  
(415) 445-2326  
tinnis@syllc.com

Sara Oberlies Brown  
Managing Director  
(213) 443-5004  
sbrown@syllc.com



# BIG BEAR MUNICIPAL WATER DISTRICT

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## REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES



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## BIG BEAR MUNICIPAL WATER DISTRICT

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### Questions

1. Describe your firm's retail and institutional sales capability. Describe your firm's recent success at selling similarly structured financings to California retail and institutional clients.

Stone & Youngberg offers the District the best of both worlds when it comes to retail and institutional distribution of municipal bonds. Our municipal practice is California-headquartered and focused, to include an office in Big Bear Lake, but offers a national presence and reach large enough to support a retail sales group dedicated almost entirely to selling municipal bonds. Unlike our competitors, Stone & Youngberg draws a clientele to the firm specifically for municipal bonds, which are not an afterthought in trying to diversify a given client's portfolio; rather, our investors look to us as a municipal bond specialist offering a well-rounded book of bonds. On the institutional front, our commitment to municipal finance is strong enough to have engendered a national reputation for providing secondary market support for the bonds we underwrite. Given the volatility of the markets since the 2008 Credit Crisis, institutional investors' expectations for post-sale liquidity have become a factor in ensuring aggressive pricings. We also have access to a broad middle market platform through our Chicago and New York desks covering institutional funds that do not require the larger amount of bonds sought by top-tier investors.

### Traditional Retail

Over the decades, Stone & Youngberg has created a California-based retail distribution system comprised of thousands of investors who appreciate the higher level of service a municipal bond specialist can provide. Stone & Youngberg's Private Client Group, spread across offices in San Francisco, Los Angeles, San Diego, Santa Barbara, and Big Bear, reaches approximately 10,000 individual investors, controlling more than \$5 billion in assets. The majority of these buyers are Californians with first-hand knowledge of the projects served by our issuer clients. Unlike national brokerage houses, our retail clients are not casual bond buyers, they are serious municipal bond investors whose trades typically range in the tens to hundreds of thousands of dollars.

To augment the distribution of bonds to individual investors, Stone & Youngberg has entered into a Distribution Agreement with First Republic Securities, LLC (Member FINRA/SIPC), a wholly owned subsidiary of First Republic Bank. First Republic Bank (NYSE:FRC) and its affiliated companies specialize in private banking, private business banking and private wealth management and provide exceptional, relationship-based service through offices in San Francisco, Palo Alto, Los Angeles, Santa Barbara, Newport Beach, San Diego, Portland, Boston and New York City.

### "Professional" Retail

Our Private Client Group is also adept at marketing to "new retail"—money managers, Registered Investment Advisors, trust accounts and individually managed wrap accounts. These accounts place orders in bulk (typically in \$500,000 to \$1,000,000 pieces) that they allocate among the individuals whose assets they manage. This buyer segment is often referred to as "professional retail" in acknowledgement that their business is to put bonds in the hands of retail investors. Stone & Youngberg has found that a balanced traditional retail/new retail marketing approach leads to more effective marketing throughout the yield curve, leaving the issuer with a more cost-efficient result.

### *Experience Marketing California Water Utility Issues to Retail Investors*

Our firm has a wealth of experience marketing COPs for water utility issuers to retail clients, both professional and individual, as both a sole manager and as part of a syndicate. Given the dearth of utility issues in the California primary market thus far in 2011, we cite a couple of California COP issues from 2010 that were sold predominantly to retail investors: i) a \$28.6 million COP issue for the Carmichael Water District (71% retail), and ii) a \$70.6 million COP issue for the Castaic Lake Water Agency (47% retail). Perhaps the best evidence of our ability to sell debt to retail investors is our senior manager role as part of an underwriting syndicate.

Demonstrating our ability to place a large volume of bonds with retail investors is our senior manager role for the California Department of Water Resources ("DWR"), as highlighted in the case study on the following page. Just as the District's proposed \$38 million issue is significantly smaller than the volume of retail orders we placed for DWR's sale, we hope the District will have full confidence in our ability to sell debt aggressively to this key buyer segment. We also note the relative lack of performance by the national brokerage houses, demonstrating that a large number of retail outlets does not translate to focused performance selling municipal bonds.

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### **\$169,115,000 State of California, Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series**

**2009** As the first regional underwriting firm selected to serve DWR as a senior manager, Stone & Youngberg led the syndicate with a very strong retail performance, enabling us to push an aggressive interest rate scale and lock in DWR's debt service savings targets. We followed up this role in 2010 by serving as joint-senior manager for DWR's \$1.7 billion Power Supply Revenue Bond restructuring, where again we displayed our leadership in retail distribution.

### CA Department of Water Resources, Series AG: Breakdown of Retail Orders

Firm	Total Retail Orders	% of Total Retail Orders	Rank Within Syndicate
<b>Stone &amp; Youngberg</b>	<b>\$78,370,000</b>	<b>78.5%</b>	<b>1</b>
EJ De La Rosa	7,725,000	7.7%	2
Jackson Securities	4,500,000	4.5%	3
RBC Capital Markets	3,100,000	3.1%	4
Merrill Lynch & Co.	2,715,000	2.7%	5
Citigroup Global	2,145,000	2.1%	6
Grigsby & Associates	550,000	0.6%	7
BMO Capital	350,000	0.4%	8
Cabrera Capital	300,000	0.3%	9
Alamo Capital	95,000	0.1%	10
<b>Total</b>	<b>\$99,850,000</b>	<b>100.0%</b>	

#### **Institutional Sales Overview**

As noted previously, Stone & Youngberg offers the District the breadth of an institutional sales force located in seven offices across the country, including the major financial centers of San Francisco, Los Angeles, New York, and Chicago. The demise of much of the municipal bond insurance market during the Credit Crisis has led to renewed investor scrutiny and a new era of credit research. Our sales force prides itself on credit knowledge and financial literacy, which we consider extremely important to the wide distribution of municipal securities. This knowledge and literacy is increased on a daily basis as our sales force benefits from our consistent presence in the market, underwriting more California bonds than any other firm, regional or national.

#### **Top-Tier Institutional Investors**

In our San Francisco headquarters, the firm maintains the largest institutional sales and trading force on the West Coast. Our sales professionals cover all major buyers of municipal bonds in the country. This investor segment has undergone a major transition over the past three years. Most institutions have been forced to reduce the use of leverage, and many municipal hedge funds participate in the market on a more limited basis after being largely sidelined (or closed) during the crisis. Consequently, top-tier institutional demand has been driven by more traditional municipal mutual funds such as Charles Schwab, Fidelity, Franklin Templeton, Nuveen, PIMCO, and Vanguard. Our role as the most active senior manager in California has resulted in close longstanding relationships with many of these top-tier accounts.

#### **Mid-Market Institutional Investors**

Beyond the leading tax-exempt institutional buyers, our sales force differentiates itself through strong relations with a variety of smaller institutions – insurance companies, banks, corporations, specialized institutional funds and large investment advisors. Middle-market accounts have been underserved by our competitors but have a significant appetite for municipal bonds. These accounts range from \$100 million under management to several billion dollars of investable funds. Our coverage includes 3,500 such middle-market accounts nationally, more than 1,500 of which are located in California. Although most are not household names, these players complement our top-tier coverage by placing orders for long serial bonds or providing an alternative to orders placed by larger accounts. For example, a large investment advisor will often bundle multiple orders into a significant bond purchase, taking down several bond maturities and aiding in the pricing process. Stone & Youngberg can leverage these accounts for the District's pricing, allowing the District to benefit from over \$250 billion in investable assets via our middle-market client base.

In addition to these traditional channels, Stone & Youngberg's Big Bear office covers community banks, leveraging these key relationships to place municipal securities with institutions up and down the state.

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### 2. Describe your firm's other/non-traditional investor sales capabilities, citing examples (optional to include).

Our recent initiatives in reaching out to investors through non-traditional channels include the use of television advertising and website enhancements. Additionally, we have a wealth of experience developing local investor outreach strategies tailored to our clients' locale.

#### Specialized Retail Marketing – Television Advertisements

With respect to broadening the District's retail investor audience, Stone & Youngberg can offer a television advertisement campaign, which we manage for several of our clients at no cost to the issuer. The television spots run on CNBC and typically reach an audience of several million. We have managed this process for several water utility issuers with a good measure of success. Tom Innis and Jake Campos managed this process for the City of San Diego's water system as well as for the Metropolitan Water District of Southern California, resulting in significant retail participation.



#### Specialized Retail Marketing – Local Advertisements

Our Private Client Group has also successfully implemented local advertisements in support of our issuers' bond sales. Local ads, including mailers and radio spots, can be an effective tool for reaching residents of the community who want to support activity in their home region. Furthermore, print ads in local community papers such as the *Big Bear Grizzly* provide a good vehicle for reaching less frequent buyers of municipal bonds who might find the idea of "investing in your community" very appealing. Lastly, we understand that many residents and business owners that are active in the community are members of the Rotary Club of Big Bear Lake and the Valley Business Association. If those organizations will let us, we would provide members with a "Bonds 101" overview of the District's credit and the process by which they can purchase the proposed 2011 issue directly from Stone & Youngberg. We note that we have some local residents as clients, including the Mayor of Big Bear Lake.



#### Website Enhancements

In light of the renewed focus on underlying credit fundamentals and the considerable amount of time that has passed since the last offering (2003), the District would benefit from an "Investor Relations" section of its website, providing a link to the POS and ratings information for the upcoming issue, when available. Also helpful would be a graphics-intensive advertisement for the contemplated financing; hyperlinks to these items from the District's homepage would be ideal.



### 3. Please describe innovations or standard practices your firm has enacted to bring more transparency into the negotiated pricing of Certificates.

Stone & Youngberg has long been an advocate of increasing transparency throughout the municipal market. In addition to the specifics listed below and on the following page, our team makes it a standard practice to keep issuer clients up to speed on the municipal market.

#### Online Order Monitor

We have used the Online Order Monitor tool for over a decade, providing real-time access to the bond sales process for our issuer clients and their financial advisors. With our Online Order Monitor, our clients can observe the flow of orders for each maturity of bonds and assess the market's response to their pricings on a maturity-by-maturity basis. This tool provides the basis for a thorough and open conversation and helps clarify where pricing adjustments may be required. The Online Order Monitor has played out successfully on a large volume of water and wastewater issues we've managed here in California, enabling our clients to watch orders in real-time and provide context for pricing adjustments in maturities that are oversubscribed.

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### Daily Municipal Market Update

As standard practice, Stone & Youngberg provides to investors, advisors and issuers an emailed daily update of the municipal and credit markets comprising information on market trends and pricings. Beyond providing general market information, we have utilized this summary in the weeks preceding pricings to apprise clients of the market context for their financing program. Generally, we believe that the more market context we can give our clients, the more informed and useful the resulting bond pricing discussion can be.

4. In light of the current conditions in the municipal marketplace, please discuss your structuring, rating agency, and marketing strategy for the District's Certificates.

While the financial markets digest economic news, the European debt crisis, and the Federal Reserve's monetary policy, limited new-issue supply has produced a strong rally in the municipal market over the past couple of months. In light of the rally and provided current conditions hold up through the summer, the District should be well-positioned to enter the market in early to mid September to lock-in aggressive pricing levels.

### Structuring Considerations

The District will benefit from a straightforward and conventional financing structure for the ~\$38 million issue. We recommend that the District pursue a standard 30-year term. Given the District's intention to refinance all of its own outstanding debt as well as that of the City (DWR obligations), with this financing there will be no debt outstanding for the combined enterprise other than the 2011 issue itself. As such, we recommend that the District structure the 2011 COPs with level annual debt service.

Although approximately two-thirds of the District's current revenues are from property taxes, we recognize that the post-merger entity will likely be self-sustaining via enterprise revenues, with the 2011 obligations secured by a pledge thereof and perhaps backstopped by a pledge of MWD property taxes. While we would recommend building the concept of a reserve fund into the new legal framework, we note that issuers of essential service revenue bonds have been able in recent months to issue without a dedicated reserve; one structural consideration that may provide added flexibility and generate additional proceeds for the District is the funding of a debt service reserve at some level less than the tax law maximum (e.g. 50% of MADS), or – depending on the ultimate credit strength (financial position and ratings) of the combined entity – issuance without a reserve altogether. The table below highlights the District's preliminary financing statistics for the contemplated 2011 issue, assuming a 30-year level debt service structure. Our analysis assumes a 10-year par call feature, a bond-funded reserve at the tax law maximum, estimated issuance costs of \$250,000 and underwriter's discount as presented in our fee proposal herein. We also conservatively assumed post-merger ratings in the 'A' category for water revenue COPs.

#### Preliminary Financing Results (as of 6/21/2011)\*

	Level Debt Service
Par Amount (\$)	\$38,000,000
Net Proceeds (\$)	\$35,229,434
Maximum Annual Debt Service	\$2,661,088
Average Annual Debt Service	\$2,648,936
All-in TIC (%)	5.62%

Lastly, we note that the District could achieve lower interest rates in the market through a joint powers authority structure and the issuance of revenue bonds as opposed to certificates of participation. We recognize that the legal hurdles associated with such a structure might make it difficult for the District to enter the market by September, but if this structuring alternative is desirable for the District we would work diligently with the finance team to make it happen.

### Refunding Considerations

We recognize that the District plans to refinance its own 2003 Certificates of Participation as well as the City's 1996 Water Revenue Refunding Bonds and outstanding loan – the 1996 Bonds via a bond counsel determination that these non-callable securities can be called via a condemnation provision. While a refunding of the 2003 COPs is not economic in the current market, the \$400,000 of present-value losses from this refunding are fully mitigated by present-value savings of about \$3 million from a refunding of the 1996 Bonds, for a net total savings of approximately \$2.6 million. (Note: assumes estimated market rates on 6/21/2011.)

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## Ratings Strategy

Although the District issued its 2003 Certificates with only an underlying rating from Moody's, we suggest that the District pursue an inaugural rating from S&P for the combined enterprise. In our experience, Moody's has been somewhat inconsistent in its rating of essential service revenue securities, and given this agency's prior conception of the District as a property tax-based credit, we suggest starting anew with S&P, an agency with which the investor community is comfortable. Furthermore, we would suggest seeking a rating indication from Fitch; this second rating could prove helpful particularly if the District envisions financing future capital projects with additional public debt offerings. With an indication in hand, the District would be well-positioned to use the rating if it would add value to the pricing; if not, the District could consider revisiting talks with Fitch down the road during its next entry into the capital markets.

Based on healthy projected debt service coverage for the combined entity and other positive operational factors as we understand them preliminarily, we suggest making a hard push to achieve an initial rating in the 'AA' category, though we recognize that there will be hurdles to achieving such a strong rating right out of the gates given the credit is effectively new (both operationally and with regard to rating agency familiarity).

Given the significant change in credit profile we anticipate as a result of the merger and given our goal of achieving 'AA' ratings for the District, we recommend a face-to-face meeting at our offices in San Francisco to establish a direct dialogue with S&P (and potentially Fitch). The goal of the in-person meeting is to provide the agency with the opportunity to get to know District management, learn about the positive implications of the acquisition and the strength of the new credit, and give the District a forum for addressing any concerns the agency may have regarding the newly consolidated operations.

We will collaborate with the District's Financial Advisor and Bond Counsel, a team with which we have worked for numerous Districts, to develop a presentation that highlight the credit strengths of the District post-merger.

Below, we have highlighted some of the current strengths of and concerns facing the District that we may highlight with S&P and potentially Fitch, all depending on the credit profile of the new financing program. Conversely, we may recommend breaking from the past and focusing solely on the District's post-merger credit.

### Credit Highlights

- ◆ Strong financial operations
- ◆ Debt levels historically manageable; existing property tax revenues alone nearly cover 2003 COPs *plus* \$38 million in new debt
- ◆ Diversified tax base: top 10 property owners represent only 2% of AV / top 100 only 7%
- ◆ Annual budgetary allocation for payment of water purchase contract linked to changes in AV; combats property tax revenue shortfalls

### Questions / Concerns

- ◆ Passive primary revenue stream (property taxes)
  - have grown as a percentage of District General Fund revenues (67% in FY2010 vs. 55% prior to 2003 issuance)
- ◆ Lease subject to abatement / no rental interruption insurance
- ◆ Property tax revenue down over 8% in FY2010

## Marketing Strategy

At the core of our marketing/sales strategy are 1) information, 2) access, and 3) special-focus investor campaign

Information	Access
<ul style="list-style-type: none"><li>▪ Preliminary Official Statement, at least 7 days ahead of pricing</li><li>▪ Sales Memo/Term Sheet, concurrently with POS</li><li>▪ Amortization scale, at least 5 days ahead of pricing</li><li>▪ Rating Rationale (S&amp;P/Fitch), at least 3 days before pricing</li><li>▪ The differentiating credit factor, whenever possible</li></ul>	<p><b>Private clients:</b> our retail sales professionals access over 10,000 individual accounts with dedicated municipal bond customers; our Private Client Group's efforts are bolstered by a Distribution Agreement with First Republic Bank</p> <p><b>Middle market investors:</b> accessed by a cross-section of our retail and institutional sales professionals, these investors represents \$1 billion or less under management</p> <p><b>Institutional:</b> Top tier bond funds are accessed by 15 municipal sales representatives, the largest West Coast based institutional sales force</p>

## BIG BEAR MUNICIPAL WATER DISTRICT

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### *Information*

We put “information” first because nothing sells a municipal bond better than the story. We believe the District can construct a good story to tell investors about the synergies achievable through the merging of the water services of the City of Big Bear Lake and the operations of the District. The key to successfully marketing the District’s COPs is the ability to get the credit’s new “story” out to probable investors.

For the District’s issue, we launch our formal marketing effort with release of the Preliminary Official Statement, quickly followed by a sales memo or term sheet circulated internally to the sales force. The two together – ideally released at minimum 7 days ahead of the pricing – serve to inform sales professionals of the impending bond sale and provide the initial “script” in conversations with investors. While these sales professionals may not get into the details of the credit until three or four business days ahead of the pricing, the earlier release of the POS and term sheet enables them to notify investors that the District’s bond issue is on the horizon and to respond to investors’ inquiries regarding the credit. Investors often come to us as *the* California municipal bond underwriter, looking for us to articulate the nuances of unique credits to determine suitability for their portfolios; given that the District’s credit profile will change with the planned acquisition, our firm is best-positioned to shepherd the issue through structuring to marketing and, ultimately, sale.

As the pricing date nears, the information that our sales professionals focus on gets more specific. The amortization schedule becomes particularly important in drawing in or weeding out large investors. Larger investors – the top tier bond funds and middle market institutional investors – will often make decisions on whether it is worth performing the credit work on a bond based on how many bonds are in a certain maturity range. For example, a \$20 million bond issue may be considered too small for some top tier investors (due to the perception of less liquidity) unless a particular maturity is over, for example, \$10 million. Knowledge of the amortization schedule allows our institutional and retail sales professionals to ascertain which investors to target based on the individual preferences of their clients.

Typically, in these first two stages of the information flow (those described above), the professionals at the bond funds that our sales professionals are talking to are the fund managers. As we move to the final stage, the discussions typically move from fund managers to credit analysts. Although the two may be one and the same at the middle market institutions and certainly with retail clients, the nature of the conversation necessarily changes from the 30,000-foot level to the details of the credit, including what the credit analysts are saying about the credit’s strengths and potential pitfalls. In this stage of the marketing, the rating agencies’ written rating rationale becomes extremely important and a back-and-forth ensues among investors’ credit analysts and Stone & Youngberg’s sales executives, research professionals and bankers. Stone & Youngberg’s California sales professionals and banking staff all sit within hundreds of feet from each other, facilitating individualized dialogue about each and every bond issue that is brought to market in a negotiated offering. Last, but not least, our marketing goal with the firm’s investor clients is to provide an additional differentiating factor about the District’s credit – i.e., what makes the credit unique compared with any that could be picked up in the primary or secondary market. Every credit has something that differentiates it from similar credits, and by providing this to investors, we create a connection that goes beyond the words of the POS. The ability to provide the intangibles to investors comes from the breadth of experience we have in selling California municipal bonds, as well as the access our sales professionals and investors have to our bankers. We would work to define the District’s differentiating factor(s) as the post-acquisition credit profile comes into clearer view.

### *Access*

The ultimate goal of our marketing strategy is to access the widest possible audience of investors. For the District’s proposed issue, Stone & Youngberg intends to reach the following investors through the following means:

- **Retail:** Stone & Youngberg’s retail sales executives have access to over 10,000 individual retail accounts who actively buy municipal bonds. To further enhance the retail distribution, we would offer the District’s securities to the wealth management clients of First Republic Bank, through a Distribution Agreement we have with the bank. Finally, we believe there is benefit in generating local interest in the issue through advertisement in localized media outlets, including community papers (as highlighted previously). Typically, we do not use CNBC advertisements for bond issues under \$50 million. However, given the lack of any

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meaningful supply of California essential service credits, we may employ CNBC advertisements in the marketing effort.

- **Professional Retail and Top Tier and Middle Market Institutions:** As noted previously, our sales force covers a wide audience of professional investors, ranging from the small money manager to top tier bond funds with over \$1 billion in funds under management. Institutions are no longer hemorrhaging cash in the same fashion they were from November 2010 through January 2011; in fact, municipal mutual fund flows have been modestly positive over the past few weeks. However, a few weeks don't necessarily make a trend, and thus the demand side of the equation going forward, in our view, remains uncertain. If we were to see funds experience further outflows as we approach the sale of the District's securities in September, the market may possess a *willingness* to invest without the necessary *ability* to invest. To ensure that the issue is accessible to middle market and institutional investors, we would provide secondary market liquidity for other bonds these investors currently hold. In doing so, we create room for investors to purchase the COPs.

### **Special-Focus Investors**

Beyond leveraging our relationships with all of the top buyers of California municipal bonds, we would strategically target investors likely to have interest in the District's post-merger obligations. We note that, of the \$26.8 million of outstanding 1996 Department of Water and Power Refunding Bonds, we can account for the current owners of almost \$24 million. Deutsche Bank, the largest owner, currently holds \$16.9 million. American Century and Invesco hold \$3.5 million and \$2.0 million, respectively, and Bank of America holds \$1.35 million. Just as all of these entities will see their bonds called away via refunding, all may have interest in buying the enterprise revenue obligations of the District's combined entity. Our marketing strategy would include garnering interest from these institutions.

5. Please list any potential conflicts of interest your firm may have in acting as Underwriter for BBMWD.

There are no conflicts of interest in connection with serving as underwriter for the District's proposed financing.

6. Please discuss any other factors not addressed previously that you believe should be considered by BBMWD.

We would like to note, for the benefit of the District, that the consistency of our business plan enables our firm to commit dedicated capital on behalf of our municipal clients in support of their new issues. Unsold balances of bonds often remain after the conclusion of our individual and institutional order periods. In such instances, we have demonstrated a willingness and ability to commit our capital to ensure that aggressive pricing levels are preserved. We provide a few examples of our capital commitments in the table below and note that over the past two years – a particularly challenging period in the municipal market – we have underwritten on average approximately 20-25% of every senior-managed financing.

**Stone & Youngberg Select Capital Commitments**

Date	Issuer	Par (\$)	Underwritten (\$)	Unsold Balance Underwritten (%)
5/5/2011	Midpeninsula Regional Open Space District	\$20,500,000	\$6,700,000	33%
2/16/2011	Merced Union High School District	25,000,000	14,640,000	59%
11/10/2010	Plainsboro, Township of	24,700,000	7,920,000	32%
11/10/2010	Tustin Community Redevelopment Agency	44,170,000	9,590,000	22%
10/13/2010	Trinity Public Utility District	19,940,000	4,740,000	24%
6/8/2010	Castaic Lake Water Agency	70,595,000	34,090,000	48%
3/11/2010	Menlo Park City School District	22,835,271	11,052,271	48%
2/25/2010	Jurupa Community Services Dt. (Water & Wastewater)	68,625,000	17,155,000	25%
12/10/2009	Adelanto Public Utility Auth. (Water & Wastewater)	76,825,000	19,910,000	26%
12/9/2009	City of Seattle	102,535,000	59,710,000	58%
9/29/2009	Alameda County Water District	26,340,000	10,080,000	38%
7/16/2009	City of Industry	50,975,000	17,325,000	34%
1/27/2009	Metropolitan Water District of Southern California	200,000,000	53,000,000	26%

Demonstrating our strong efforts to commit capital relative to our peers, we provide, on the following page, a pricing comparative between Stone & Youngberg's lead-managed financing for the Metropolitan Water District of Southern California in late January 2009 and Metropolitan's financings priced in June 2009, July 2009, and July 2010 by three of our competitors. We have provided spreads to the Municipal Market Data (MMD) scale, which clearly show the Stone & Youngberg pricing advantage on a comparable basis for each date of sale. Aside from our unmatched knowledge of the California market, the primary reason for our superior pricing is our willingness to dedicate capital to commit to



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rates for our clients. *We underwrote 26.5% of the financing that we senior managed while our competitors underwrote just 5%, 0%, and 0% of their senior-managed financings, respectively.* As reflected, no other firm has priced as narrow a spread to the Municipal Market Data index or committed as much capital, or any capital in two cases, since our initial financing. Lastly, we note that the amount underwritten in our financing for Metropolitan – \$53 million – should instill confidence in our ability to underwrite a significant portion of the District’s proposed offering if needed to commit to optimal borrowing rates.

### Comparative Pricing

STONE & YOUNGBERG		National Competitor			National Competitor			National Competitor							
Jan '09		June '09			July '09			July '10							
Metropolitan Water District of So. Cal. 2008 Authorization, Series A (Aa2 / AAA / AA+) Par: \$200,000,000				Metropolitan Water District of So. Cal. 2008 Authorization, Series B (Aa2 / AAA / AA+) Par: \$219,470,000				Metropolitan Water District of So. Cal. 2008 Authorization Series D (Aa2 / AAA / AA+) Par: \$81,065,000				Metropolitan Water District of So. Cal. 2010 Series B (Aa1 / AAA / AA+) Par: \$98,845,000			
Maturity	Coupon	Yield	Spread to 1H15 'AAA' MMD	Coupon	Yield	Spread to 604 'AAA' MMD	Coupon	Yield	Spread to 7/29 'AAA' MMD	Coupon	Yield	Spread to 7/14 'AAA' MMD			
2012	2.00%	1.32%	8	2.00%	1.25%	-7	2.00% / 5.00%	0.92%	-3						
2013	2.00%	1.50%	-3	2.00%	1.60%	0	2.00% / 5.00%	1.33%	+3						
2014	4.00%	1.71%	-4	2.50%	2.30%	+3	2.25% / 5.00%	1.83%	+8	4.00%	1.01%	-3			
2015	2.50%	1.83%	-4	2.50%	2.30%	+8	3.00% / 5.00%	2.18%	+12	2.25% / 4.00%	1.45%	+1			
2016	4.00%	2.12%	-4	4.00%	2.52%	+10	3.00% / 5.00%	2.40%	+16	2.25% / 4.00%	1.87%	+6			
2017	3.00%	2.38%	+1	2.75%	2.78%	+13	3.00% / 5.00%	2.75%	+19	2.75% / 4.00%	2.17%	+8			
2018	3.00% / 4.00%	2.60%	+1	4.00%	2.95%	+13	3.25% / 5.00%	3.02%	+21	4.00%	2.39%	+11			
2019	3.25% / 5.00%	2.82%	0	3.125%	3.18%	+17	3.50% / 5.00%	3.24%	+23	2.60% / 5.00%	2.60%	+12			
2020	5.00%	3.10%	0	4.000%	3.37%	+19	3.375% / 5.00%	3.43%	+24	3.00% / 5.00%	2.70%	+13			
2021	4.00% / 5.00%	3.40%	+3	4.00%	3.53%	+22	3.60% / 5.00%	3.60%	+25	3.00% / 5.00%	2.97%	+16			
2022	4.00% / 5.00%	3.60%	+5	5.250%	3.69%	+25				3.125% / 5.00%	3.14%	+20			
2023	4.25% / 5.00%	3.77%	+5	5.000%	3.82%	+25				3.25% / 5.00%	3.26%	+20			
2024	4.00% / 5.00%	3.94%	+5	5.25%	3.95%	+25				3.375% / 5.00%	3.38%	+20			
2025	4.00% / 5.00%	4.08%	+5	5.25% / 4.40%	4.07% / 4.40%	+25 / +58				3.375% / 5.00%	3.40%	+20			
2026	4.125% / 5.00%	4.17%	+5	4.50%	4.52%	+58				3.50% / 5.00%	3.50%	+20			
2027	5.00%	4.26%	+5	5.00%	4.41%	+37				3.60% / 5.00%	3.68%	+20			
2028	5.00%	4.40%	+5	5.00%	4.51%	+38									
2029	4.50% / 5.00%	4.50%	+8	4.50% / 5.00%	4.61%	+38									
2030	5.00%	4.60%	+8	4.625% / 5.00%	4.71%	+40									
2031	5.00%	4.69%	+8	5.00%	4.78%	+39									
2034	4.75% / 5.00%	4.80%	+11	5.00%	4.95%	+37									
2035															
2036															
2039	5.00%	4.85%	+11												

26.5% underwritten

5% underwritten

0% underwritten

0% underwritten

7. Please state your anticipated discount breaking down: (i) management fee, (ii) takedown, (iii) underwriting fee, and (iv) expenses (including underwriter’s counsel).

Below, we provide an estimate of our total underwriting costs associated with serving the District based on a \$38 million par amount and our recommended level debt service structure. We propose the following takedown structure: \$1.25/bond in 2012, \$1.75/bond from 2013-2015, \$2.50/bond from 2016-2020, and \$3.50/bond in 2021 and beyond. Our takedowns assume ratings in the ‘A’ category and demonstrate our commitment and willingness to lead the District’s offering. We propose no management fee for the District’s offering. Our proposed fee of \$15,000 for Underwriter’s Counsel is subject to negotiation after selection.

\$38,000,000 Total Par					
Spread Details	\$/Bond	Amount	Underwriter Expenses	\$/Bond	Amount
Management Fee	\$0.000	\$0.00	Underwriter’s Counsel	\$0.395	\$15,000.00
Expenses ( <i>see adjacent</i> )	0.499	18,943.56	Out of Pocket Expenses	0.000	0.00
Average Takedown	3.288	124,942.50	Ipreo Bookrunning System	0.030	1,140.00
<b>Gross Spread</b>	<b>\$3.786</b>	<b>\$143,886.06</b>	Ipreo Wires/Order Entry	0.002	60.00
			Order Monitor	0.015	570.00
			DTC Setup	0.013	500.00
			CUSIP Numbers	0.016	618.00
			Day Loan	0.028	1,055.56
			<b>Total</b>	<b>\$0.499</b>	<b>\$18,943.56</b>

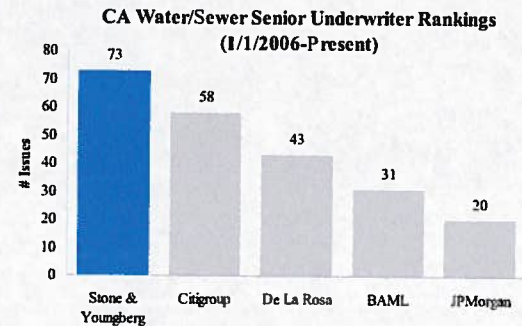
## BIG BEAR MUNICIPAL WATER DISTRICT

### Qualifications

1. Please list or summarize your firm's experience as underwriter for California-based water and/or wastewater revenue debt obligations (including revenue certificates of participation) in the last 5 years and note/highlight: a. Whether your firm served as senior or co-manager, b. The 3 deals you believe are most comparable to BBMWD's proposed transaction

As the most active senior manager of municipal debt in California, Stone & Youngberg annually underwrites more new issues in the State than any other firm. Specific to water and wastewater utilities, our experience covers the full spectrum from local retail agencies to the largest wholesale water utility in the nation. Based on our leadership position in the water and wastewater utility sector, both in number and size of financings, there is no other firm, regional or otherwise, that can offer the experience that Stone & Youngberg and its banking team can provide to the District. We further note that the information provided does not include banking team members' water and wastewater sector-leading experience at UBS from 2006 to 2008. Combining the UBS experience with Stone & Youngberg's offers the District the highest level of expertise.

**Water/Wastewater Utility Financing Experience.** *Over the past five years, Stone & Youngberg has senior managed more California water and wastewater financings than any other firm, as reflected in the graph to the right.* During this timeframe we've structured over \$4.2 billion in par for water and wastewater issuers, with issues ranging in size from less than \$10 million to \$1.7 billion (a power utility issue for the California Department of Water Resources). Some of our senior-managed highlights over this period include: two financings for the Metropolitan Water District of Southern California (\$304 million in total), and financings for the State of California Department of Water Resources (\$177 million) and Contra Costa Water District (\$127 million). Following the successful offering for the California Department of Water Resources, we were hired to joint-lead a \$1.7 billion offering for their Power Supply Revenue bonds, which priced last fall. We have been very active on the co-managed front during this period as well, having served in this role on 27 financings for over \$4.4 billion in par from 2006 to the present.

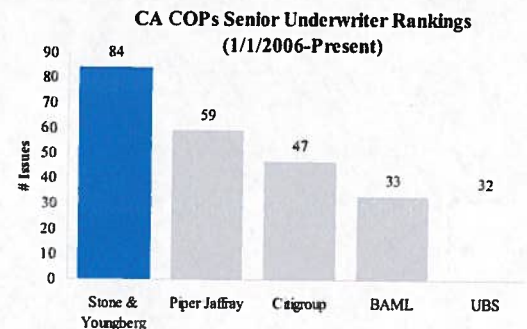


Source: Ipreo. Includes negotiated issues only.

Specific to the District and its financing objectives, we note that the proposed size of \$38 million meshes ideally with our experience. With 73 water and wastewater revenue issues for a total par of \$2.57 billion, our average issue size in this sector is about \$35 million. Our experience with financings of this size and type position us to most effectively structure, market and sell the District's debt. Three senior-managed financings comparable to the District's proposed issue include a \$37.9 million issue of Certificates of Participation for the Central Basin Municipal Water District (March 2010), a \$27.9 million issue of Certificates of Participation for the Cucamonga Valley Water District (April 2009), and a \$60 million issue of Certificates of Participation for the Moulton Niguel Water District (December 2009), the last of which incorporated a similar pledge of property taxes into a lease/COP security structure.

Please see Appendix A for a detailed list of our water-related financings since 2006.

**COP Financing Experience.** Given the District's existing COP structure, we thought it pertinent to also provide our experience pricing these structures relative to others in the market. As shown to the right, Stone & Youngberg senior manages more Certificates of Participation than any other firm. This experience includes a market-leading 84 transactions since 2006. This representative experience includes notable recent COP transactions for Southern California water districts including Cucamonga Valley Water District, Elsinore Valley Municipal Water District, and Moulton Niguel Water District.



Source: Ipreo. Includes negotiated issues only.

## BIG BEAR MUNICIPAL WATER DISTRICT

2. Please provide a proposed project team and brief resumes. Please provide experience over the last 5 years with: a. California water and/or wastewater revenue debt obligations (including revenue certificates of participation) (senior manager only)

Stone & Youngberg will dedicate to the District a team of professionals that brings together deep experience with California utilities. Leading our banking effort and serving as day-to-day contact for the District will be **Tom Innis**, a Managing Director in San Francisco and head of the firm's utilities group. **Sara Oberlies Brown**, a Managing Director in Los Angeles, will provide senior banking support and local expertise. **Jake Campos**, a Vice President in Los Angeles, will provide additional day-to-day senior banking. **Matt Tracey**, an Associate in San Francisco, and **Benjamin Gubatina**, an Analyst in San Diego, will provide financing execution and transactional support for the team. On the sales side, the firm's President and CEO, **Ken Williams**, remains actively involved in overseeing all of the firm's financings as Head of the Municipal Bond Department. **Parker Colvin**, Head of Underwriting, will have direct responsibility for pricing the District's issue and leading the pre-marketing and marketing effort. The underwriting team will be supported by the firm's sales managers: **Rich Beames** for institutional sales and **Doug Heske** for the Private Client Group (retail).

Banking Coverage & Support			Underwriting, Sales & Trading		
<b>Steve Heaney</b> <i>Managing Director</i> <i>Head of Public Finance</i> Los Angeles, CA			<b>Ken Williams</b> <i>President and CEO</i> <i>Head of Municipal Bond Dept</i> San Francisco, CA		
Lead Bankers	Local Expertise	Financing Execution	Underwriting	Marketing	Credit
<b>Tom Innis</b> <i>Managing Director</i> San Francisco, CA	<b>Sara Oberlies Brown</b> <i>Managing Director</i> Los Angeles, CA	<b>Matt Tracey</b> <i>Associate</i> San Francisco, CA	<b>Parker Colvin</b> <i>Managing Director</i> <i>California Underwriting</i> San Francisco, CA	<b>Rich Beames</b> <i>Managing Director</i> <i>Institutional Sales Manager</i> San Francisco, CA	<b>Lauren Post</b> <i>Director</i> <i>Municipal Credit Group</i> San Francisco, CA
<b>Jake Campos</b> <i>Vice President</i> Los Angeles, CA		<b>Benjamin Gubatina</b> <i>Analyst</i> San Diego, CA	<b>Betsy Kiehn</b> <i>Head of Remarketing</i> San Francisco, CA	<b>Doug Heske</b> <i>Managing Director</i> <i>Private Client Group Head</i> San Francisco, CA	<b>Marie Authenne</b> <i>Vice President</i> <i>Municipal Credit Group</i> San Francisco, CA

**Tom Innis**, our proposed lead banker for the District, will serve as day-to-day contact person. Tom serves as lead banker for numerous California water and wastewater agencies. Since joining Stone & Youngberg from UBS Investment Bank in 2008, Tom has served as "Day-to-Day Contact" for senior-managed financings for the following water and wastewater utility issuers:

- ◆ California Department of Water Resources
- ◆ Central Basin Municipal Water District
- ◆ City of Adelanto Public Utility Authority (Water & Wastewater System)
- ◆ Contra Costa Water District (two financings)
- ◆ Elsinore Valley Municipal Water District (three financings)
- ◆ Mesa Consolidated Water District
- ◆ Metropolitan Water District of Southern California (two financings totaling over \$300mm)
- ◆ Moulton Niguel Water District
- ◆ Santa Margarita Water District (two financings; a third pending)

Tom's water-related utility experience prior to joining the firm is extensive, having helped establish UBS as a leader in California water and sewer utility financings over the past decade. Over his career, Tom has experience in over \$10 billion of financings, predominantly in utilities. As part of this experience, Tom has senior managed over \$1 billion for the Metropolitan Water District of Southern California alone.

All team members will be fully available to assist the District with its financing effort. Please see Appendix B for brief biographies of the members of our finance team and Appendix C for senior manager references for Tom.

## BIG BEAR MUNICIPAL WATER DISTRICT

### APPENDIX A: CALIFORNIA WATER-RELATED FINANCING EXPERIENCE

We provide a detailed listing of our senior- and co-managed California water and wastewater financing experience. We include negotiated issues only and have not included the par amount for pending transactions in the final tally.

#### Stone & Youngberg CA Lead-Managed Water/Wastewater Financings (2006-Present)

Dated Date	Issuer	Par (\$)	Ratings	Tax Status	Structure
Pending	Cucamonga Valley Water District	\$120,000,000	TBD	Exempt	Fixed Rate
Pending	Santa Margarita Water District	\$45,000,000	n/a	Exempt	Fixed Rate
05/25/2011	Elsinore Valley Municipal Water District	\$25,485,000	VMIG1/A-1/F1	Exempt	Variable Rate
04/05/2011	Wateruse Finance Authority	3,345,000	na/AA/na	Exempt	Fixed Rate
01/20/2011	Dublin San Ramon Services District	35,620,000	na/A/AA	Exempt	Fixed Rate
11/23/2010	Moulton Niguel Water District	8,965,000	na/AA+/AAA	Exempt	Fixed Rate
10/28/2010	Lodi Public Finance Authority	29,650,000	Aa3/AA/na	Taxable	Fixed Rate
10/28/2010	Lodi Public Finance Authority	9,015,000	Aa3/AA/na	Exempt	Fixed Rate
10/28/2010	Monte Vista Water District	9,965,000	na/AA/na	Exempt	Fixed Rate
10/12/2010	Coachella Valley Water District	786,529	na/na/na	Exempt	Fixed Rate
06/30/2010	Contra Costa Water District	127,630,000	na/AA+/AA	Exempt	Fixed Rate
06/29/2010	Castaic Lake Water Agency	70,595,000	na/AA/AA-	Exempt	Fixed Rate
04/28/2010	Brea Public Financing Authority	9,885,000	na/AA/na	Taxable	Fixed Rate
04/28/2010	Brea Public Financing Authority	2,410,000	na/AA/na	Exempt	Fixed Rate
04/06/2010	Fairfield-Suisun Sewer District	12,980,000	A2/A+/na	Exempt	Fixed Rate
03/17/2010	Carmichael Water District	28,550,000	na/AA/na	Exempt	Fixed Rate
03/10/2010	Central Basin Municipal Water District	37,935,000	A1/AA/na	Exempt	Fixed Rate
02/25/2010	Jurupa Community Services District (Water)	19,940,000	na/AA/AA-	Taxable	Fixed Rate
02/25/2010	Jurupa Community Services District (Sewer)	27,495,000	na/AA/AA-	Taxable	Fixed Rate
02/25/2010	Jurupa Community Services District (Water)	10,895,000	na/AA/AA-	Exempt	Fixed Rate
02/25/2010	Jurupa Community Services District (Sewer)	10,295,000	na/AA/AA-	Exempt	Fixed Rate
01/28/2010	City of Thousand Oaks	11,690,000	na/AAA/na	Exempt	Fixed Rate
12/22/2009	Adelanto Public Utility Authority	76,825,000	na/na/na	Exempt	Fixed Rate
12/22/2009	Ceres Financing Authority	4,750,000	na/A/na	Exempt	Fixed Rate
12/22/2009	Ceres Financing Authority	8,220,000	na/A/na	Exempt	Fixed Rate
12/22/2009	Moulton Niguel Water District	60,000,000	na/AA+/AA+	Taxable	Fixed Rate
12/17/2009	Calleguas-Las Virgenes Public Financing Authority	29,415,000	na/AA/na	Exempt	Fixed Rate
12/03/2009	Central Contra Costa Sanitary District	34,490,000	Aa2/AAA/na	Exempt	Fixed Rate
12/02/2009	California Department of Water Resources	169,115,000	Aa2/AAA/na	Exempt	Fixed Rate
11/24/2009	Santa Margarita/Dana Point Authority	36,205,000	na/AA/AA	Exempt	Fixed Rate
11/18/2009	City of Los Altos	662,880	na/na/na	Exempt	Fixed Rate
11/12/2009	Central Contra Costa Sanitary District	19,635,000	Aa2/AAA/na	Taxable	Fixed Rate
10/22/2009	Whittier Utility Authority	5,945,000	na/AA+/na	Taxable	Fixed Rate
10/22/2009	Whittier Utility Authority	3,150,000	na/AA+/na	Exempt	Fixed Rate
10/14/2009	Alameda County Water District	26,340,000	Aa3/AAA/na	Exempt	Fixed Rate
08/11/2009	Mesa Consolidated Water District	14,700,000	na/AA/AA	Exempt	Fixed Rate
07/21/2009	Culver City	20,085,000	na/AA/na	Exempt	Fixed Rate
07/02/2009	South Bayside System Authority	55,855,000	na/AA/A+	Taxable	Fixed Rate
06/30/2009	City of Tulare	54,775,000	na/A-/na	Taxable	Fixed Rate
05/21/2009	Brea Public Financing Authority	12,945,000	na/AA/na	Taxable	Fixed Rate
05/21/2009	Brea Public Financing Authority	12,855,000	na/AA/na	Exempt	Fixed Rate
05/20/2009	Metropolitan Water District of Southern California	104,180,000	VMIG1/na/F1+	Exempt	Indexed Note
04/14/2009	Cucamonga Valley Water District	27,960,000	A2/AA/na	Exempt	Fixed Rate
02/05/2009	Santa Margarita/Dana Point Authority	38,490,000	na/AA/AA	Exempt	Fixed Rate
01/27/2009	Metropolitan Water District of Southern California	200,000,000	Aa2/AAA/AA+	Exempt	Fixed Rate
12/31/2008	South Bayside System Authority	10,000,000	na/AA/A+	Exempt	Fixed Rate
12/18/2008	City of Oceanside	10,540,000	na/A+/na	Exempt	Fixed Rate
10/28/2008	Elsinore Valley Municipal Water District	54,655,000	A1/AA/A+	Exempt	Variable Rate
08/28/2008	City of Lomita	7,550,000	na/AA/A-	Exempt	Fixed Rate
08/14/2008	Elsinore Valley Municipal Water District	65,665,000	A1/AA/A+	Exempt	Fixed Rate

## BIG BEAR MUNICIPAL WATER DISTRICT

Dated Date	Issuer	Par (\$)	Ratings	Tax Status	Structure
06/11/2008	Chino Basin Desalter Authority	89,440,000	A2/A/na	Exempt	Fixed Rate
05/29/2008	Millbrae Public Financong Authority	3,695,000	na/A+/na	Exempt	Fixed Rate
05/01/2008	City of Los Angeles (Wastewater)	31,900,000	VMIG1/A-1+/F1+	Exempt	Variable Rate
12/20/2007	San Joaquin County	8,450,000	na/na/na	Exempt	Fixed Rate
12/05/2007	City of Lodi	30,320,000	na/A-/A-	Exempt	Fixed Rate
11/15/2007	City of Fairfield	43,610,000	na/A+/na	Exempt	Fixed Rate
11/15/2007	City of Fairfield	40,856,697	na/A+/na	Exempt	Zero Coupon
08/06/2007	Lake Berryessa Resort Improvement District	4,755,841	na/na/na	Exempt	Fixed Rate
06/13/2007	City of Santa Rosa	67,010,000	A2/A/na	Exempt	Fixed Rate
05/30/2007	Hollister Joint Powers Financing Authority	6,860,000	na/na/na	Exempt	Fixed Rate
03/15/2007	Clovis Public Financing Authority	68,540,000	A3/A-/na	Exempt	Fixed Rate
01/30/2007	Crescenta Valley Water District	10,070,000	na/A/na	Exempt	Fixed Rate
12/20/2006	Hollister Joint Powers Financing Authority	120,535,000	na/na/na	Exempt	Fixed Rate
12/07/2006	Castaic Lake Water Agency	135,350,000	na/A/na	Exempt	Fixed Rate
10/26/2006	City of Richmond	32,260,000	Baa2/BBB/na	Exempt	Variable Rate
10/26/2006	City of Richmond	16,570,000	Baa2/BBB/na	Exempt	Fixed Rate
10/12/2006	Truckee-Donner Public Utility District	26,570,000	na/A/na	Exempt	Fixed Rate
09/21/2006	Cucamonga Valley Water District	21,610,000	na/A+/na	Exempt	Fixed Rate
08/30/2006	Western Riverside Water and Waste. Fin Auth	45,015,000	na/A-/na	Exempt	Fixed Rate
08/25/2006	Coachella Valley Water District	8,239,480	na/na/na	Exempt	Fixed Rate
04/25/2006	Garden Grove Sanitary District	21,845,000	A2/A+/na	Exempt	Fixed Rate
03/29/2006	City of Malibu	12,425,000	na/AA+/na	Taxable	Fixed Rate
03/29/2006	City of Malibu	5,155,000	na/AA+/na	Exempt	Fixed Rate
03/21/2006	Amador Water Agency	23,240,000	na/A-/na	Exempt	Fixed Rate
03/16/2006	Vallejo Sanitation and Flood Control District	39,665,000	na/A/na	Exempt	Fixed Rate
<b>Total</b>		<b>\$2,572,126,428</b>			

### Stone & Youngberg CA Co-Managed Water/Wastewater Financings (2006-Present)

Dated Date	Issuer	Par (\$)	Ratings	Tax Status	Structure
07/06/2011	Contra Costa Water District (Bonds & Notes)	106,525,000	Aa2/AA+/AA+	Exempt	Fixed Rate
06/30/2011	Metropolitan Water District of Southern California	167,855,000	Aa1/AAA/AA+	Exempt	Fixed Rate
12/22/2010	Metropolitan Water District of Southern California	250,000,000	Aa1/AAA/AAA	Taxable	Fixed Rate
10/21/2010	City of Los Angeles	177,420,000	Aa2/AA/AA+	Taxable	Fixed Rate
10/21/2010	City of Los Angeles	89,600,000	Aa2/AA/AA+	Taxable	Fixed Rate
10/13/2010	Metropolitan Water District of Southern California	39,485,000	Aaa/AAA/AAA	Exempt	Fixed Rate
07/22/2010	Metropolitan Water District of Southern California	88,845,000	Aa1/AAA/AAA	Exempt	Fixed Rate
06/17/2010	South Coast Water District Financing Authority	19,350,000	na/AA+/AA+	Taxable	Fixed Rate
06/17/2010	South Coast Water District Financing Authority	17,485,000	na/AA+/AA+	Exempt	Fixed Rate
06/03/2010	Turlock Irrigation District	154,595,000	A1/A+/A+	Exempt	Fixed Rate
02/23/2010	East Bay Municipal Utility District	400,000,000	Aa2/AAA/AA	Taxable	Fixed Rate
12/22/2009	Metropolitan Water District of Southern California	45,515,000	Aaa/AAA/AAA	Exempt	Fixed Rate
12/10/2009	Metropolitan Water District of Southern California	26,050,000	Aa2/AAA/AA+	Exempt	Fixed Rate
08/20/2009	City of Riverside	204,075,000	A1/AA/na	Taxable	Fixed Rate
08/20/2009	City of Riverside	36,835,000	A1/AA/na	Exempt	Fixed Rate
06/26/2009	San Diego Public Facilities Financing Authority	328,060,000	A1/AA/AA-	Exempt	Fixed Rate
06/25/2009	Metropolitan Water District of Southern California	78,385,000	Aa2/AAA/AA+	Taxable	Fixed Rate
06/25/2009	Metropolitan Water District of Southern California	112,780,000	Aa2/AAA/AA+	Exempt	Fixed Rate
06/10/2009	Metropolitan Water District of Southern California	106,690,000	Aa2/AAA/AA+	Exempt	Fixed Rate
03/12/2009	East Bay Municipal Utility District	165,580,000	Aa2/A-1+/F1+	Exempt	Indexed Note
12/31/2008	Rowland Water District	20,545,000	na/AA/na	Exempt	Fixed Rate
07/31/2008	Metropolitan Water District of Southern California	79,045,000	Aa2/AAA/AA+	Exempt	Fixed Rate
05/08/2008	California Department of Water Resources	279,250,000	Aa3/A/A+	Exempt	Fixed Rate
05/01/2008	California Department of Water Resources	632,890,000	Aa2/AAA/na	Exempt	Fixed Rate
05/23/2007	Metropolitan Water District of Southern California	400,000,000	Aa2/AAA/AA+	Exempt	Fixed Rate
05/09/2007	Sacramento County Water Financing Authority	184,500,000	A2/A+/na	Exempt	Fixed Rate
08/23/2006	Metropolitan Water District of Southern California	200,000,000	Aa2/AA+/AA+	Exempt	Fixed Rate
<b>Total</b>		<b>\$4,411,360,000</b>			

# BIG BEAR MUNICIPAL WATER DISTRICT

## APPENDIX B: FINANCE TEAM RESUMES

Please find, below, brief resumes for the members of our banking and underwriting team.

Investment Banking Team Members	
Day-to-Day Team	
Name	Experience
<b>Tom Innis</b> <i>Managing Director</i> <i>Lead Banker</i> (415) 445-2326 tinnis@syllc.com	<ul style="list-style-type: none"> <li>▪ Stone &amp; Youngberg's head of utility practice; formerly at UBS Investment Bank</li> <li>▪ Senior managed transactions with par amount in excess of \$10 billion; water and wastewater experience includes senior-managed financing experience for Sacramento Regional County Sanitation District, Sacramento County Water Agency, Eastern Municipal Water District, Metropolitan Water District of Southern California, Elsinore Valley Municipal Water District, Central Basin Municipal Water District, Moulton Niguel Water District, and Santa Margarita Water District</li> <li>▪ BS – United States Military Academy, MBA – Wharton</li> </ul>
<b>Jake Campos</b> <i>Vice President</i> <i>Senior Banking Support</i> (213) 443-5017 jcampos@syllc.com	<ul style="list-style-type: none"> <li>▪ Formerly at UBS Investment Bank covering water and power utilities</li> <li>▪ Water and wastewater experience includes over \$1 billion of recent transactions for the Metropolitan Water District of Southern California, Contra Costa Water District, Elsinore Valley Municipal Water District, Las Virgenes Municipal Water District, and Santa Margarita Water District</li> <li>▪ BS – California Polytechnic State University</li> </ul>
<b>Matt Tracey</b> <i>Associate</i> <i>Financing Execution</i> (415) 268-2973 mtracey@syllc.com	<ul style="list-style-type: none"> <li>▪ Formerly at UBS Investment Bank; came to S&amp;Y in 2008</li> <li>▪ Wide range of experience for California water-related issuers such as Elsinore Valley Municipal Water District, Jurupa Community Services District, Las Virgenes Municipal Water District, and, among others, the cities of Ceres (water &amp; sewer) and Tulare (sewer)</li> <li>▪ BA – Vassar College</li> </ul>
<b>Benjamin Gubatina</b> <i>Analyst</i> <i>Execution Support</i> (858) 795-8702 bgubatina@syllc.com	<ul style="list-style-type: none"> <li>▪ Joined Stone &amp; Youngberg in 2010</li> <li>▪ Previous analyst experience at a public finance advisory firm, as well as a regional investment bank</li> <li>▪ Transaction experience with redevelopment credits, general obligation bonds, revenue bonds and lease-backed securities.</li> <li>▪ BA – University of California at San Diego</li> </ul>
Local Expertise	
Name	Experience
<b>Sara Oberlies Brown</b> <i>Managing Director</i> <i>Local Expertise</i> (213) 443-5004 sbrown@syllc.com	<ul style="list-style-type: none"> <li>▪ 15 years of municipal finance experience; has structured and brought to market more than 150 financings totaling over \$3 billion in par</li> <li>▪ Local clientele includes the County of San Bernardino (including financings for the Cedar Glen area) and the Cities of Fontana, Rialto, and Hesperia</li> <li>▪ BA – Syracuse University, MPM – University of Maryland</li> </ul>
Underwriting, Sales & Trading Team Members	
Name	Experience
<b>Parker Colvin</b> <i>Managing Director</i> <i>Head of Municipal Underwriting</i>	<ul style="list-style-type: none"> <li>▪ Structures and underwrites over 100 senior managed transactions every year for state and local government issuers</li> <li>▪ Experience marketing new issue transactions for the District and maintaining an active secondary market for the District's COPs and assessment district bonds</li> <li>▪ Lead managed experience with water and sewer issuers throughout California</li> <li>▪ BS – Wheaton College</li> </ul>
<b>Betsy Kiehn</b> <i>Head of Remarketing</i> <i>Co-Underwriter</i>	<ul style="list-style-type: none"> <li>▪ Coordinates remarketing efforts for both new-issue variable series and ongoing weekly remarketing efforts for existing issues</li> <li>▪ Manages diverse portfolio of 60+ issues for \$1.4 billion in par</li> <li>▪ BA – University of Vermont</li> </ul>
<b>Rich Beames</b> <i>Managing Director</i> <i>Institutional Sales Manager</i>	<ul style="list-style-type: none"> <li>▪ Over \$20 billion in municipal bonds sold to institutional investors</li> <li>▪ Municipal marketing and sales expert</li> <li>▪ BS – Stanford University</li> </ul>

## BIG BEAR MUNICIPAL WATER DISTRICT

### APPENDIX C: SENIOR MANAGER REFERENCES

Below, we provide references for our proposed lead banker for the District, Tom Innis. Each of these individuals can attest to the quality of Tom's stewardship and Stone & Youngberg's senior manager capabilities more broadly. We encourage the District to reach out, as desired.

<i>Senior Manager References for Tom Innis</i>		
Contra Costa Water District	Elsinore Valley Municipal Water District	Metropolitan Water District of Southern California
<b>Brice Bledsoe</b>	<b>Margie Armstrong</b>	<b>Keith Norris</b>
<b>Director of Finance</b>	<b>Finance Director</b>	<b>Debt Manager</b>
P.O. Box H2O Concord, CA 94524 (925) 688-8300	P.O. Box 3000 Lake Elsinore, CA 92531 (951) 674-3146	700 North Alameda St Los Angeles, CA 90012 (213) 217-7517
<a href="mailto:bbledsoe@ccwater.com">bbledsoe@ccwater.com</a>	<a href="mailto:margie@evmwd.net">margie@evmwd.net</a>	<a href="mailto:knorris@mwdh2o.com">knorris@mwdh2o.com</a>

**APPENDIX D: DISCLOSURE**

**Additional Information**

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