

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
May 19, 2011

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

Next Resolution Number: 2011-03

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 May 5, 2011
 - B. Minutes of a Special Meeting Workshop of May 3, 2011
 - C. Warrant List Dated May 12, 2011 for \$81,502.25
 - D. Consider authorizing the General Manager to secure a consulting service to compare and contrast salary & wages and review the DWP MOU and the MWD Employee Handbook
- 6. BUSINESS**
 - A. Consider authorizing Straddling Yocca Carlson & Rauth (Bond Counsel) to proceed on DWP water system acquisition financing services

- B. Consider authorizing Fieldman Rolapp & Associates to proceed on financial advisor services associated with financing the acquisition of the DWP water system
- C. Consider adoption of Resolution 2011-03 that would implement the Meyers-Milias-Brown Act, Government Code sections 3500-3511 and amend Resolution No. 2006-13 (Administrative Code to provide procedures for administration of employer-employee relations)

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: Conroy v. BBMWD

12. ADJOURNMENT

NEXT MEETING: Open Session at 1:00 P.M.
Thursday, June 2, 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, MAY 5, 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 stated that one more piece of reporting and we should be done with documenting work in-kind to wrap up the A4 milestone of the ACOE environmental restoration feasibility study. He explained that over the next two weeks he will complete the reporting piece and draft a letter to the ACOE for President Suhay's signature advising that the District wants to suspend all work on the study. He stated that he is hopeful that we will actually get a summary document out of all our efforts. He reported that he has left phone messages twice with Mike Huffstutler at Bear Valley Mutual Water Company adding that Mr. Huffstutler returned his call just this morning. Mr. Huffstutler advised that he has no concerns at all with the proposed acquisition adding that he has followed the quotes in the newspaper and is satisfied that the MWD and others in Big Bear understand the water rights obligations for Mutual. Mr. Heule explained that Mr. Huffstutler agreed that the Watermaster Committee should now be better informed concerning domestic water issues in Big Bear because none of the information would be second hand. He reported that we have received one telephone complaint and threat of litigation from a lakeside homeowner wanting the District to lower the Lake level. He reported that the caller claims erosion caused by the high lake level is undermining his house foundation and wants us to backfill the soil and make any other necessary repairs. He commented that if this materializes into anything more substantial the Administrative Committee will be informed and appropriate defense action will be initiated. Mr. Heule reported that the venue for the annual Paddle Fest has been moved from Captain Johns Marina to swim beach. He added that the Operations Committee will be revisiting the special event permit for this event in the next two weeks. He reported that he previewed a documentary video for the History Show on Channel 6 on the Big Bear MWD. He explained that Rick Keppler wrote it and wanted his review prior to putting it on air. He added that Mr. Keppler has gotten comments from others as well and will do some rewriting. He reported that his most significant comment concerned the obligation that Muni has to meet our in-lieu requirements and barring some catastrophic event in the delta or aqueducts coming south Big Bear Lake's water is pretty well protected. He explained that the way it was written the documentary implied that we could lose our in-lieu water at any time and would have to release water for Mutual. He added that he hopes to screen version 2 before it airs. Mr. Heule reported that the tour/workshop at the Trout Pond on Tuesday was a great success. He explained that everyone got a good look around the property and realizes what a significant piece of real estate it really is. He added that although no specific mission for the Trout Pond was formulated, the Watershed Committee will take the input from the visit and bring some recommendations for Board consideration at the meeting on May 19. He reported that we have heard that Caltrans has a plan for grouting the left abutment of the dam and possibly a proposal for demolition of the old highway bridge. He added that he has not seen anything from them yet. He reported that Mike Stephenson and Bob Ludecke have been working closely

with them on routing the spillway gate and monitoring wiring through the new highway bridge and over to bays 7 and 10. He added that Mr. Stephenson met with Caltrans yesterday morning to identify a new alignment for storm drain outfalls that would pose less of a risk of causing erosion and boulder plucking downstream of the dam.

Lake Manager, Mike Stephenson reported that the water release total to date is at 9,000 acre feet. He added that the release is currently at 5 CFS. He explained that the lake will most likely be dropping from evaporation from this point on. He stated that the West Ramp will be opening on May 12th and the new docks for the West Ramp will be arriving shortly. He stated that lake clean-up is continuing. He reported that he noticed a small amount of weeds in some shallow areas of the lake explaining that the herbicide will be here this coming Monday. He added that staff will begin application next week. Mr. Stephenson reported that secchi readings are at 14.5'. He explained that this is very good for this time of year adding that the best secchi readings that he remembers for the first week in May was 12' and for the first week in June was 17.5'. He predicted it might hit 20'. He added that the Adopt-a-Shoreline Kick Off will be held this Saturday. He reported on a boater who had his lake permit pulled a few years ago for driving over the spike strips (to exit the parking area). He explained that the boater was asking to have his lake privileges restored. Mr. Stephenson reported that since the boater was not entering the lake at the time and agreed to participate in the Adopt-a-Shoreline program, he was allowed to purchase a seasonal permit. He stated that the full time patrol will start on May 12th. Mr. Stephenson reported that he has been working with CalTrans on the culvert pipe relocation and electrical at the dam. He explained that CalTrans will be working with what they call a "force account". He added that CalTrans will have to do grouting on the down-stream side as part of the agreement. He reported that he will be getting bids from others to clean up the trout pond so the District personnel will be free to do their other work. Director Murphy asked if we receive no more rain this season, what is the prediction for lake level by November 1st. Mr. Stephenson predicted it will be down 24" (2' plus or minus 1').

Director Eminger reported that the meeting at the Trout Pond was very interesting commenting that he hadn't realized the extent of the property until the tour.

APPROVAL OF CONSENT CALENDAR

Upon a motion by Director Murphy, seconded by Director Eminger, the following consent items were unanimously approved:

- Minutes of a Regular Meeting of April 21, 2011
- Minutes of a Special Meeting Workshop of April 25, 2011
- Warrant List Dated April 29, 2011 for \$44,075.50

RECEIVE DWP ACQUISITION ISSUES REPORT FROM STAFF AND PROVIDE DIRECTION

Mr. Heule reported that Board members have shared their ideas and concerns related to the DWP acquisition with District Staff. He explained that one Board member suggested that the next steps towards acquisition of the DWP be based on the following conditions being satisfied:

1. There must be significant cost savings
2. Impacts on employees must be positive or neutral
3. Efficiencies of scale must be created
4. Lake Management operations cannot be harmed

He stated that based on information from District counsel it appears that making this acquisition an eminent domain action could be completed, without rushing, in about five to six months time. He added that eminent domain might also allow the District to refinance the existing DWP revenue bonds. He explained that this could potentially save more than one million dollars annually in debt service. He reported that Bond Counsel representing the DWP has indicated that the only way the DWP revenue bonds can be defeased and refinanced is through an eminent domain process initiated by the District. He added that District Counsel Wayne Lemieux can provide additional information on this matter later in the meeting. Mr. Heule explained that evaluation of the potential impacts on employees begins with a comparison of benefits between the two organizations. He stated that the accompanying spreadsheet (see attached) summarizes and compares employee benefits for each organization. He explained that some of the most significant considerations include:

- DWP employees are represented by an employee association (union) and MWD employees are not. A three year MOU (January 1, 2011 through December 31, 2013) between the DWP and their represented employees was approved on April 19, 2011.
- DWP employees participate in the San Bernardino County Employee Retirement Association (SBCERA) and the MWD employees participate in CalPERS. The retirement formula for both programs is 2% at 55 years old. The current average SCBCERA cost to the DWP is 23.75% and for the MWD with CalPERS it is 18.729%.
- DWP employees do not contribute to Social Security and MWD employees do. The District pays 6.2% of employee wages to social security and the employee currently contributes 4.2%.

Mr. Heule reported that with the exception of the forgoing, benefits of union participation do not appear to have secured DWP employees more than MWD employees already enjoy. He added that this includes compensation rates. He explained that the retirement systems have reciprocal agreements with each other and therefore changing from one retirement system to another will not have a significant impact on employee retirement payments. He added that there would be no loss in service time for vesting and retirement payments will be the same except there would be two checks instead of one. Mr. Heule reported that there are many special districts in California that conduct multiple functions in the communities they serve explaining that their work is done in this way in order to avoid duplicative administrative and governing board expenses. He added that if the District acquires the DWP cost sharing of expenses associated with the general manager, Board of Directors, financial services and human resources will be shared. Mr. Heule reported that the proposed acquisition will also eliminate the need to activate the retail water service function of County Service Area 53C in Fawnskin, which would otherwise add another layer of government in the valley. He explained that assuring that Lake Management operations are not adversely impacted by MWD's acquisition of the DWP will require redirecting certain duties typically performed by the General Manager to the Lake Manager and Administrative Assistant. He added that this change will create ripple effects farther down the organizational chart. He explained that changes to the organization chart are currently being evaluated by Senior Staff and will be discussed in detail with the Administrative Committee, which could bring a report to the full Board at the May 19 meeting. Directors Murphy and Smith asked questions regarding the value of refinancing the DWP bonds. Director Smith commented that if there are

no significant savings achieved by refinancing the bonds he doesn't see the value. District Counsel Wayne Lemieux explained that the District should solicit financial advice regarding the likely costs versus savings of extending the bonds from a bond advisor before proceeding. Director Smith stated that if we can improve the water system then it might be worth it but if we would just be extending the due date on the bonds then it doesn't work for him. He asked if there was any danger of litigation. He commented that if we exercise eminent domain are any bond buyers going to complain or try to sue. Mr. Lemieux stated that some bond owners could potentially get upset or complain that the City was trying to defease the bonds but he isn't really worried about that. Director Eminger stated that he feels we need to consult a financial advisor as soon as possible so we can decide how to proceed. President Suhay stated that he feels we need to seek the advice of a bond advisor and a financial advisor. Mr. Lemieux stated that he has relationships with several bond counsels recommending Douglas Brown for bond counsel. Mr. Heule suggested Fieldman, Rolapp & Associates for the financial and investment advisor.

Director Eminger moved approval of directing staff to obtain proposals from Douglas Brown and Fieldman, Rolapp & Associates. Director Murphy seconded the motion and it was unanimously approved.

Director Murphy suggested we do research regarding the legal issues regarding CalPERS and San Bernardino County Employees Retirement Association. Mr. Heule advised that he and Ms. McGee will need to proceed with discussions of detailed personnel issues at the same time that the bond issues are being discussed. He asked Ms. McGee if she needs time to arrange her schedule to allow the time for this discussion. Ms. McGee stated that she has made provisions for others to handle some of her work so she can have the time to handle this issue. Director Smith commented that if the benefits to employees are equal, but there are no cost savings to customers (if it doesn't seem we are moving forward) then why is this beneficial? President Suhay stated that if it is neutral or even close to even, than any cost savings would be beneficial. Mr. Smith stated that property taxes would cease for some but breaking even on the bonds is what he was talking about as far as savings. Director Eminger stated that if it doesn't hurt employees and brings the community together, he is for it. Mr. Heule stated that before this is finalized, the Board will be assured that Lake Management Operations will not be harmed and that we are fulfilling the MWD Mission Statement. He added that the Board will be provided with a plan showing how to keep Lake Management whole. He explained that the bond counsel and employee benefits work will have to be done before the plan can be presented. President Suhay asked what Mr. Heule was requesting today. Mr. Heule explained that what he is hoping for today is the authority and money to proceed with seeking proposals for bond counsel, financial advisor, and a personnel consultant. Mr. Lemieux advised that we should concentrate on potential "deal breakers" first and then go on with other issues. Director Murphy asked if DWP has hired the new HR person yet. Ms. McGee stated that she is reviewing applications but no one has been hired as yet. Director Smith stated that time is of the essence since the community seems to think it is a "done deal".

Director Murphy moved approval to instruct staff to negotiate on employee relations regarding benefits and salaries. Director Fashempour seconded the motion and it was unanimously approved.

Mr. Heule inquired how he should get back to the Board with the information. The consensus was the information should be presented to the Administrative Committee. Director Smith advised that any decision should address the benefit to DWP as far as rate holders and what affect it would have on MWD.

PUBLIC FORUM

No comments were made

ANNOUNCEMENTS

Mr. Heule announced that Travis Carroll's memorial service will be held Saturday May 14 at 1:00 PM at Community Church by the Lake. He added that donations in lieu of flowers can be made to the Snow Summit Junior Race Team. He reported that he will be making a presentation to the Rotary Club next Thursday night explaining that topics will include lake levels, releases, in-lieu agreement, highway bridge removal, etc. He stated that the DWP Technical Review Team will be meeting tomorrow at 9:00 AM explaining that they will be reviewing precipitation, water production, well water level graphs in order to make decisions concerning conservation stages and connection limitations. He added that they will also be discussing future well drilling, cooperative supplemental water supply projects and potential water use restrictions during upcoming holiday weekends. Mr. Heule reported that he will be taking this afternoon, Friday and next Monday off.

DIRECTOR COMMENTS

Director Smith asked what the feedback has been from DWP employees regarding the acquisition. Ms. McGee said they have many questions that can't be answered until they receive further information. President Suhay advised that the decision will not hurt either DWP or MWD employees. Director Fashempour stated that she would like more detailed information on the bonds and their cost.

ADJOURNMENT

There being no further business, the meeting was adjourned at 2:11 P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, May 19, 2011
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

Vicki Sheppard
Secretary to the Board
Big Bear Municipal Water District

(SEAL)

BBMWWD

DWP Represented

Holidays	10 fixed plus 1 floating used at Christmas	12 fixed	
Personal Leave	None	Two days	
Vacation	1-5 years service = 10 days 6-9 years service = 15 days 10 or more years service = 20 days 30 days carry over max per calendar year No policy to buy out unused vacation	6 mos - 5 years = 10 days 6-10 years service = 15 days over 10 years service = 20 days (Exempt employees receive 40 hrs Admin. Leave annually. Can buy out up to 40 hrs. unused annually.)	20 days max. accrual 30 days max accrual 40 days max accrual
Sick Leave	8 hours per month 10 time can be used to buy service time in PERS	3,385 hours per pay period (7.33 hrs per month) Pay off of 25% of unused sick leave on termination after 5 yrs Pay off of 30% to 50% of unused sick leave after 10 yrs depending on leave balance Can cash out sick leave twice annually but must maintain at least 80 hours	
Medical Insurance	HMO for Employee and family	HMO for Employee and family w/Drs. in Big Bear Valley Pay the amt. of the premium of HMO for more costly plan Participants must pay \$10/month Can choose not to participate and receive \$200/month	Paid with cafeteria of \$1162/mo
Dental Insurance	Employee and family	Employee and family	
Vision	Not available	Employee pays premium	
Life Insurance	District paid policy for employee	DWP paid for employee	\$50,000
Social Security	Yes, District pays 6.2%, Emp. Currently pay 4.2%	Do not participate	
Retirement	CalPERS 2% at 55 District Pays	San Bernardino County Employees Retirement Association 2% at 55	DWP pays 15.75% plus up to 8% of employees portion
Wages/Salaries	Seven steps Auto COLA if CPI less than 5% 5% wage premium after 3 years at top step	Five steps Defined by MOU Longevity pay	5 yrs service 1% of salary lump sum payment annually 10 yrs service 2% of salary lump sum payment annually 15 yrs service 2.5% wage increase 20 yrs service 5% wage increase
Compensatory Time Buy Out	No written policy on buy-out	Can buy-out up to 120 hrs annually	
Tuition Reimbursement	No Policy	For directly related departmental service	
Uniforms for Field	Shirts, pants, and boots provided	Provided by DWP plus \$163 for work boots annually, plus \$25 for steel toe boots	Up to \$2250/fiscal year Laundry service for field clothes
Clothing for Office	No policy but occasionally provide logo shirts or sweaters	DWP reimburse up to \$150/year for logo office wear	
Field and Office Certification	No policy	For Water Distribution I or Water Treatment I For each additional level of certification	When required for job = \$500/yr = \$400/yr when not required \$100/yr
Auto allowance	No policy	\$600/month for Water Superintendant and GM	

**MINUTES OF A SPECIAL MEETING WORKSHOP OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON TUESDAY, MAY 3, 2011**

The Open Session workshop began at 11:00 AM. Those in attendance included President Suhay, Director Eminger, Director Murphy, Director Fashempour, General Manager Scott Heule, Lake Manager Mike Stephenson, and Board Secretary Vicki Sheppard.

TOUR THE TROUT POND AND COMPILE A LONG LIST OF PROBABLE FUTURE DEVELOPMENTS

Mr. Heule made a brief introduction explaining the reason for the meeting. The Board reviewed maps and drawings of the area and Mr. Heule pointed out the various areas of the property including the parcel upstream, the various drainage areas, and the local businesses that border the property. At the conclusion of the property foot tour and lunch the Board discussed several ideas and options including using the area as an event location, providing a nature trail, and providing picnic areas. They then made the following requests of Staff and the Watershed Committee:

1. Research the timeline and approximate cost to create a new parcel that includes the existing house for possible sale in the future.
2. Secure estimated costs to hire help to clean up and haul the debris from the property.
3. Prepare a bathymetry map of the pond to estimate sediment volumes for future excavation and identify potential disposal sites for the sediment.
4. Get cost estimates for a security surveillance system at the property.
5. Bring a report and specific recommendations from the Watershed Committee on the above items for consideration at the May 19 Board meeting.

ADJOURNMENT

There being no further business, the workshop was adjourned at 1:40 PM.

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, 04/29/11 to 05/12/11
 Account 10010-00-001, Sessions 000000 to 002298**

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

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
Checking Account: 10010-00-001							
149241	STOFCA / State of California-Empl. Dev. Dp	05/02/11	2	2011-QTR1	002291	2011-QTR1	5038.74
STOFCA Subtotal :							5038.74
149242	ACWAHB / ACWA Health Benefits Authority (H	05/10/11	2	06012011	002298	INSURANCE	19430.62
ACWAHB Subtotal :							19430.62
149243	BAUMGA / Richard A. Baumgartner, M.D.	05/10/11	2	10518	002298	PHYSICALS	270.00
BAUMGA Subtotal :							270.00
149244	BBDSPL / Big Bear Disposal	05/10/11	2	254953	002298	UTIL-MAIN	147.29
BBDSPL Subtotal :							147.29
149245	BMARIN / Big Bear Marina	05/10/11	2	10311132	002298	PETRO-BOAT	316.57
149245		05/10/11	2	10311133	002298	PETRO-BOAT	333.57
BMARIN Subtotal :							650.14
149247	BUTCHR / Butcher's Block & Building Materi	05/10/11	2	59428	002298	FACILMAINT	22.84
149247		05/10/11	2	64564	002298	FACILMAINT	10.16
149247		05/10/11	2	64915	002298	SMTTOOLS	75.73
149247		05/10/11	2	64948	002298	RVPARK	166.71
149247		05/10/11	2	65308	002298	TROUTPOND	24.38
149247		05/10/11	2	65380	002298	FACILBBM	5.54
149247		05/10/11	2	65533	002298	EASTMAINT	5.26
149247		05/10/11	2	65545	002298	WESTMAINT	6.00
149247		05/10/11	2	65958	002298	TROUTPOND	22.19
149247		05/10/11	2	66157	002298	EASTMAINT	13.76
149247		05/10/11	2	66273	002298	WESTMAINT	8.09
149247		05/10/11	2	66424	002298	WESTMAINT	12.35
149247		05/10/11	2	66899	002298	QUAGGAKERO	64.66
BUTCHR Subtotal :							437.67
149248	BVELEC / Bear Valley Electric	05/10/11	2	04222011	002298	UTIL-RAMP	425.32
149248		05/10/11	2	04252011	002298	UTIL-RAMP	355.14
149248		05/10/11	2	04272011	002298	UTIL-AERAT	567.49
149248		05/10/11	2	04272011B	002298	UTIL-DAM	291.08
149248		05/10/11	2	04272011C	002298	UTIL-DAM	10.54
149248		05/10/11	2	04272011D	002298	UTIL-MAIN	10.54
BVELEC Subtotal :							1660.11

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 Account 10010-00-001, Sessions 000000 to 002298**

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

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
149249	BVHOSP / Bear Valley Community Hospital	05/10/11	2	06393513	002298	PHYSICALS	141.00
149249		05/10/11	2	06398467	002298	PHYSICALS	141.00
BVHOSP Subtotal :							282.00
149250	CCONNE / CONNELLY PUMPING SERVICES	05/10/11	2	10585	002298	PORTRENTAL	255.33
149250		05/10/11	2	10589	002298	SSPUMPING	220.00
149250		05/10/11	2	10590	002298	PORTRENTAL	290.28
149250		05/10/11	2	10593	002298	PORTRENTAL	290.28
149250		05/10/11	2	10610	002298	PORTSPEVEN	100.00
CCONNE Subtotal :							1155.89
149251	CHARTE / CHARTER COMMUNICATIONS	05/10/11	2	04162011	002298	PHONE-DSL	4.12
CHARTE Subtotal :							4.12
149252	CLEVEL / JACK CLEVELAND	05/10/11	2	595	002298	DOCKDOUBLE	335.00
CLEVEL Subtotal :							335.00
149253	CNTYSV / Water & Sanitation	05/10/11	2	04302011A	002298	UTIL-RAMPS	105.22
149253		05/10/11	2	04302011B	002298	UTIL-RAMP	105.22
CNTYSV Subtotal :							210.44
149254	COMPVI / Computer Village	05/10/11	2	121482	002298	COMPCONSLT	600.00
COMPVI Subtotal :							600.00
149255	COMSER / ComSerCo	05/10/11	2	5MA502132	002298	RADSVCCONT	255.00
COMSER Subtotal :							255.00
149256	DAVES / DAVES AUTOMOTIVE INC	05/10/11	2	21254	002298	ON ROAD	421.77
149256		05/10/11	2	21258	002298	ON ROAD	660.00
DAVES Subtotal :							1081.77
149257	DIRCTV / DIRECTV	05/10/11	2	1498908179	002298	UTIL-RV	157.49
DIRCTV Subtotal :							157.49
149258	DISH / Dish Network	05/10/11	2	05042011	002298	UTIL-MAIN	55.99
DISH Subtotal :							55.99
149259	DWP / Department of Water and Power	05/10/11	2	04282011A	002298	UTIL-MAIN	13.40
149259		05/10/11	2	04282011B	002298	UTIL-MAIN	86.48
149259		05/10/11	2	04282011C	002298	UTIL-RAMP	113.70
149259		05/10/11	2	04282011D	002298	UTIL-MAIN	44.15

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 002197**

<u>Check</u>	<u>Payment / Vendor Information</u>	<u>Ck Date</u>	<u>Prty</u>	<u>Invoice</u>	<u>Session</u>	<u>Reference</u>	<u>Amount</u>
149259		05/10/11	2	04282011E	002298	UTIL-TROUT	73.60
149259		05/10/11	2	04282011F	002298	UTIL-RAMP	17.87
DWP Subtotal :							349.20
149260	GEIGER / Geiger Supply	05/10/11	2	192528	002298		90.50
GEIGER Subtotal :							90.50
149261	HELMUT / Helmut's Marine Service	05/10/11	2	2929	002298	PATROL	14228.43
HELMUT Subtotal :							14228.43
149262	IDEARC / SUPERMEDIA LLC	05/10/11	2	04192011	002298	PHONE-WEB	29.95
149262		05/10/11	2	05012011	002298	PHONE-MAIN	64.50
IDEARC Subtotal :							94.45
149263	LEMIEU / LEMIEUX & O'NEILL	05/10/11	2	20999M141	002298	LEGALRET	3500.00
LEMIEU Subtotal :							3500.00
149264	MASTER / FIRST BANKCARD CENTER	05/10/11	2	0429112502	002298	DWPAQUISIT	117.41
MASTER Subtotal :							117.41
149265		05/10/11	2	0429112328	002298	MASTER320	1937.59
MASTER Subtotal :							1937.59
149266		05/10/11	2	0429118541	002298	MASTER102	6492.36
MASTER Subtotal :							6492.36
149267	MCMSTR / McMaster-Carr Supply Co.	05/10/11	2	83051214	002298	EASTMAINT	70.80
149267		05/10/11	2	83317612	002298	FACILMAINT	96.61
149267		05/10/11	2	84261950	002298	SMTTOOLS	65.40
MCMSTR Subtotal :							232.81
149268	NAPA / McConnell Motor Parts Inc.	05/10/11	2	021326	002298	ONROAD	5.52
149268		05/10/11	2	022178	002298	BOATMAINT	77.65
149268		05/10/11	2	022760	002298	BOATMAINT	5.59
149268		05/10/11	2	023037	002298	PATROLMAIN	183.24
149268		05/10/11	2	023296	002298	OFF ROAD	14.90
149268		05/10/11	2	023831	002298	ON ROAD	119.80
149268		05/10/11	2	025220	002298	QUAGGA	10.85
149268		05/10/11	2	025387	002298	PATROLBOAT	145.12
NAPA Subtotal :							562.67

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**Active Sessions (Not Included In Report)
 002197**

Check	Payment / Vendor Information	Ck Date	Prty	Invoice	Session	Reference	Amount
149269	PERS / Public Employees' Retirement Syst	05/10/11	2	0520113	002298	PERS	4376.16
						PERS Subtotal :	4376.16
149270		05/10/11	2	0420113	002298	PERS	4376.16
						PERS Subtotal :	4376.16
149271		05/10/11	2	0420114	002298	PERS	4376.16
						PERS Subtotal :	4376.16
149272	PITNEY / Purchase Power	05/10/11	2	04192011	002298	POSTAGE	60.74
						PITNEY Subtotal :	60.74
149273	QUILL / Quill Corporation	05/10/11	2	3665878	002298	OFFICSUPPL	58.01
149273		05/10/11	2	3708126	002298	OFFICSUPPL	15.65
						QUILL Subtotal :	73.66
149274	ROBERT / Robertson's	05/10/11	2	734623	002298	RVMAINT	1031.77
						ROBERT Subtotal :	1031.77
149275	ROTARY / Rotary Club of Big Bear Lake	05/10/11	2	IP1200	002298	MEMBERSHIP	111.00
						ROTARY Subtotal :	111.00
149276	SIMONW / Simon Wong Engineering	05/10/11	2	12966	002298	PEDBRIDGE	5840.00
						SIMONW Subtotal :	5840.00
149277	SQUEEG / Squeegee Clean Window Service	05/10/11	2	04282011	002298	FACILMAINT	50.00
						SQUEEG Subtotal :	50.00
149278	TURNEY / Eric Turney	05/10/11	2	04192011	002298	CELLREIMBS	50.00
						TURNEY Subtotal :	50.00
149279	UPS / UPS	05/10/11	2	F33Y11181	002298	SHIPWATER	519.42
						UPS Subtotal :	519.42
149280	VERIZO / Verizon California	05/10/11	2	04252011	002298	PHONE-WS	30.79
149280		05/10/11	2	04282011	002298	PHONE-DAM	42.63
149280		05/10/11	2	05012011A	002298	PHONE-MAIN	409.57
149280		05/10/11	2	05012011B	002298	PHONE-RAMP	46.79
149280		05/10/11	2	05012011C	002298	PHONE-RAMP	43.26
						VERIZO Subtotal :	573.04
149281	WEBER / Jim Weber	05/10/11	2	05012011	002298	CELLREIMB	50.00
149281		05/10/11	2	PO15061	002298	PHONEQUIPT	56.54

**Big Bear Municipal Water District
 Computer & Manual Check Register
 Current and History Files, 04/29/11 to 05/12/11
 Account 10010-00-001, Sessions 000000 to 002298**

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

<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>
						WEBER Subtotal :	<u>106.54</u>
149282	XEROX / Xerox Corporation	05/10/11	2	054774642	002298	COPIERLEAS	<u>579.91</u>
						XEROX Subtotal :	<u>579.91</u>
						Total For Check Account: 10010-00-001	<u>81502.25</u>
						Check Register Total :	<u>81502.25</u>

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

MEETING DATE: *May 19, 2011*

AGENDA ITEM: *5D*

SUBJECT:

CONSIDER AUTHORIZING THE GENERAL MANAGER TO SECURE A CONSULTING SERVICE TO COMPARE AND CONTRAST SALARY & WAGES AND REVIEW THE DWP MOU AND THE MWD EMPLOYEE HANDBOOK

RECOMMENDATION:

The Administrative Committee (Directors Suhay & Eminger) recommend approval authorizing the General Manager to secure a consulting service to compare and contrast salary and wages and review the DWP MOU and MWD Employee Handbook.

DISCUSSION/FINDINGS:

At the Administrative Committee Meeting of Friday, May 13th, the General Manager asked if the Committee would consider authorizing him to secure a consultant to compare and contrast salary & wages and review the DWP MOU and the MWD employee handbook and complete a salary scale analysis. Mr. Heule feels he could secure a consultant to do it for an amount not to exceed \$5,000.

OTHER AGENCY INVOLVEMENT: None

FINANCING: Professional services

Submitted by: Scott Heule, General Manager

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

MEETING DATE: *May 19, 2011*

AGENDA ITEM: *6A*

SUBJECT:

CONSIDER AUTHORIZING STRADDLING YOCCA CARLSON & RAUTH (BOND COUNSEL) TO PROCEED ON DWP WATER SYSTEM ACQUISITION FINANCING SERVICES

RECOMMENDATION:

The Administrative Committee (Directors Suhay & Eminger) recommend approval of this proposal.

DISCUSSION/FINDINGS:

The proposal from Stradling Yocca Carlson & Rauth (bond counsel) recommended by District Counsel Wayne Lemieux, was reviewed by the Committee. The scope of services were discussed as well as the fees and costs which will be a fixed fee of not-to-exceed \$45,000 for the services described in paragraphs 1, 2, and 3 of the Scope of Services and in addition a fixed fee of not-to-exceed \$40,000 for the service described in paragraph 4 (see attached). Their fees would be contingent on completion of the financing and would be payable from the proceeds of the financing. Tasks proposed are included as described by paragraphs 1 through 5. Paragraph 1 involves advising the District with respect to the process for the proposed water system acquisition financing. Paragraph 2 describes the preparation of a tax opinion that interest earned on the debt is exempt from taxes. Paragraph 3 describes assistance, if needed, to form the District financing corporation to assist in implementing the financing. Paragraph 4 describes the assistance to be provided in preparation of the official statement. And in Paragraph 5 advice will be given the District with respect to the financial aspects only of the proposed eminent domain action.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

660 NEWPORT CENTER DRIVE, SUITE 1600

NEWPORT BEACH, CA 92660-6422

TELEPHONE (949) 725-4000

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DOUGLAS S. BROWN
DIRECT DIAL: (949) 725-4106
DBROWN@SYCR.COM

May 11, 2011

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

Dear Mr. Heule:

We thank you for the opportunity to represent the Big Bear Municipal Water District as bond counsel for the proposed water system acquisition financing. As is traditional for bond counsel matters, our fees would be contingent on completion of the financing and would be payable from the proceeds of the financing. Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our special counsel representation of you in connection with the matters identified above.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. Copies of each are enclosed for your files. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Douglas S. Brown

cc: Wayne Lemieux, General Counsel

Enclosure

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

BIG BEAR MUNICIPAL WATER DISTRICT

By: _____
General Manager

STRADLING YOCCA CARLSON & RAUTH

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**TERMS OF RETENTION
OF
STRADLING YOCCA CARLSON & RAUTH**

1. **Fees and Costs.** Stradling Yocca Carlson & Rauth (the "Firm") is compensated for its services based primarily on the value of the services and the time spent performing them. The scope of services currently contemplated for this matter is attached on Exhibit A. The parties acknowledge that given the unique nature of the proposed transaction such scope of services maybe modified from time-to-time to assist the District in accomplishing the transaction.

Such compensation may include the time spent on client conferences, travel, research, drafting documents, and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable rates. **Notwithstanding the foregoing, we have agreed to a fixed fee of not-to-exceed \$45,000 for the services described in paragraphs 1, 2 and 3 of the attached Scope of Services. In addition, we have agreed to a fixed fee of not-to-exceed \$40,000 for the service described in paragraph 4 of the attached Scope of Services. Because of the uncertainty related to the amount of time to be spent on the scope of services described in paragraph 5, we have not been able to set a not-to-exceed amount on these services at this time. We will agree to such an amount at a future date as requested by the District.**

The firm also charges for various costs such as copying, telephone charges, computerized legal research, word processing and/or other computer time, overtime costs, messenger services, travel, filing fees and other costs. Bills for some costs are passed on directly, such as bills for certified shorthand reporters, technical consultants, and other professional fees. **For bond counsel matters, expenses are included in the fixed amount quoted to you as described above.**

2. **Termination by Us.** We reserve the absolute right to withdraw from representing you if, among other things, you fail to honor the terms of our agreement, you fail to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on your behalf. Notwithstanding the foregoing, no portion of any contingent bond counsel fee shall be payable in the event we terminate our representation of you as discussed above prior to closing of the proposed transaction. If necessary in connection with litigation, we would request leave of court to withdraw.

3. **Termination by District.** We understand that we serve at the pleasure of the District and this Agreement may be terminated by the District at any time, upon 10 days written notification

with or without cause. In the event that our services are terminated prior to completion of the financing, no portion of any contingent bond counsel fee shall be payable to us.

4. **Date of Termination.** Our representation of you will be considered terminated at the earlier of: (i) your termination of our representation; (ii) our withdrawal from our representation of you; or (iii) the substantial completion of our substantive work for you.

5. **Related Activities.** If any claim or action is brought against us or any personnel or agents of the firm based on your negligence or misconduct, or if we are asked to testify as a result of our representation of you or must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting fees, costs, or damages, including our time, even if our representation of you has ended.

6. **No Guarantee of Outcome.** The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transactions contemplated by this agreement. We do not and cannot guarantee any outcome in a matter.

7. **Insurance.** We hereby advise you that this firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to you.

8. **Client.** This firm's client for the purpose of our representation is only the person or entity identified in the letter accompanying these Terms of Retention. Unless expressly agreed, we are not undertaking the representation of any related or affiliated person or entity, nor any parent, brother-sister, subsidiary, or affiliated corporation or entity, nor any of your or their officers, directors, agents, or employees.

9. **Payment Notwithstanding Dispute.** In the event of any dispute that relates to our entitlement to any payment from you, all undisputed amounts shall be paid by you. Any amounts in any client trust account held on your behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

10. **Primary Attorney.** The primary attorney with responsibility for this representation will be Douglas S. Brown. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Mr. Brown and no change will be made in the primary attorney without the prior, written consent of the District. The Firm will not substitute another primary attorney without the prior, reasonable, approval of the District.

EXHIBIT A
SCOPE OF SERVICES

As Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation (the "Firm"), will undertake the following Scope of Services:

1. Advise the District with respect to the process for the proposed water system acquisition financing, including but not limited to advice and consultation with Fieldman, Rolapp & Associates, the District's financial advisor, the General Manager, General Counsel and the Board of Directors regarding the financing process; prepare all legal proceedings in connection with the proposed financing, including but not limited to: (i) drafting various resolutions, documents and agreements for consideration by the Board of Directors of the District and any financing corporation; (ii) providing legal opinions on the validity of any financing documents; and (iii) participating in meetings, hearings or negotiations with District staff and the Board of Directors, as the circumstances require.
2. In addition to the preceding paragraph, the Firm will render a tax opinion that interest earned with respect to the District's debt obligation is exempt from State and Federal taxes and prepare final closing documents to be executed by the District to effect delivery of any financing (including the tax certificate) and coordinate the adoption and execution of all documents and of the closing.
3. If necessary, form the District financing corporation to assist in implementing the financing.
4. Assist the District in preparation of a preliminary official statement, including but not limited to information with respect to the District, its financial operations and system information; assist the District in preparation of a final official statement; preparation of a continuing disclosure certificate as required by federal securities laws.
5. Advise the District with respect to the financial aspects only of the proposed eminent domain action, including but not limited to review of the existing City of Big Bear Department of Water and Power debt documents, the assignment of certain existing and pending loans and other related matters.

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

MEETING DATE: *May 19, 2011*

AGENDA ITEM: *6B*

SUBJECT:

CONSIDER AUTHORIZING FIELDMAN ROLAPP & ASSOCIATES TO PROCEED ON FINANCIAL ADVISOR SERVICES ASSOCIATED WITH FINANCING THE ACQUISITION OF THE DWP WATER SYSTEM

RECOMMENDATION:

The Administrative Committee (Directors Suhay & Eminger) recommends authorizing Fieldman Rolapp & Associates to proceed on financial advisor services associated with financing the acquisition of the DWP water system.

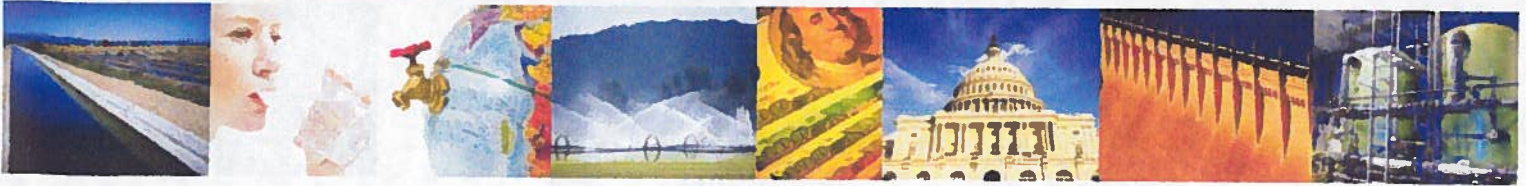
DISCUSSION/FINDINGS:

The Committee discussed the need for a financial advisor to coordinate the acquisition. A proposal from Fieldman/Rolapp & Associates recommended by District Counsel Wayne Lemieux was received (see attached). The fees for Phase I & II will be a not-to-exceed amount of \$20,000 (exclusive of all actual expenses incurred). Phase III of the scope of work will be billed at the amounts set forth on page 11 of the proposal and will be contingent on and payable at the closing of the debt issues. Phase I Scope of Work will include review of the District financial status and policy update/development. Phase II will involve special assignments as directed by the District and identification of the District's objectives. Phase III will include bond financing transaction management.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager



2011 STATEMENT OF QUALIFICATIONS
FOR
FINANCIAL ADVISOR SERVICES

May 12, 2011



BIG BEAR MUNICIPAL WATER DISTRICT

May 12, 2011

Mr. Scott Heule
General Manager
Big Bear Municipal Water District
P.O. Box 2863
Big Bear Lake, CA 92315

Re: **Statement of Qualifications for Financial Advisor Services**

Dear Mr. Heule:

We are pleased to submit this statement of qualifications for financial advisor services Big Bear Municipal Water District (hereafter, "District") for financial advisor services.

Fieldman, Rolapp & Associates ("FRA") is the right advisor for the District:

- ✓ We have a long history of successful service to California municipalities, with an emphasis on water and wastewater enterprises, and have been providing independent financial advice to our clients for over 44 years.
- ✓ We provide professional depth including experienced, skilled staff members, located nearby, who know the District and can immediately begin working on District matters.
- ✓ We have direct, relevant experience in matters important to District. Our firm has advised numerous water agencies in connection with the successful development and implementation of financial plans and the structuring, restructuring, and execution of water and wastewater debt.
- ✓ We are the most experienced financial advisor for water and wastewater financing in California. Since 2008, we have advised on 53 water/wastewater transactions for agencies similar to the District totaling over \$2 billion in par amount of obligations sold.
- ✓ We have the resources, both human and technical, to devote immediately to the needs of the District.

We have reviewed the District's financial position and the existing debt of the City's water enterprise and prepared a statement of qualifications we believe addresses District's needs. We are confident that we would bring an unparalleled depth of knowledge and experience that will provide the District with extraordinary service which would best meet the District's needs and objectives.

Respectfully submitted,

FIELDMAN, ROLAPP & ASSOCIATES



Robert A. Porr
Senior Vice President



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1. STATEMENT OF EXPERIENCE

Fieldman, Rolapp & Associates ("FRA" or the "Firm") is a full service, independent, financial advisor focused on California public finance. We began business in 1966 and have a long history of successful service to California municipalities. Since 1966 FRA has emphasized water and wastewater enterprises as a core business practice.

Fieldman, Rolapp & Associates concentrates its consulting activities in four primary areas: capital finance transaction management, investment of capital funds, derivative advisory services and the planning, management and policy development required to support the capital formation process. By concentrating on the client's overall needs, the Firm is equipped to provide topical, useful consulting services to its clients on all aspects of the capital process.

As an independent advisor, FRA neither underwrites bonds nor has a relationship, direct or otherwise, with any municipal bond underwriter, broker/dealer or financial institution. The Firm represents public entities and non-profit organizations only. We do not accept engagements representing developers or other private, for profit enterprises.

We have a staff of 20 employees (13 financial advisors), all based in Irvine, readily available to our clients spread throughout California. Through our Employee Stock Ownership Program (ESOP), our employees, as beneficial owners of the Firm, participate in an ownership culture. Each of us has a strong interest in being efficient and providing responsive service to each client on each and every assignment.

Our professionals come from a broad range of backgrounds, from law to public administration, real estate development and investment banking. We include senior managers of our Firm on every project team as Engagement and Project Managers to ensure that every engagement has a high priority and resources are committed to ensure responsiveness and accuracy.

Our goal is to provide sound, unbiased, and creative consulting services to Big Bear Municipal Water District ("District"). Our experience has proven to us that this mission is best accomplished through interaction with our client through multiple levels and by assigning professional staff with a variety of talents. We propose to assign the team described in Section 4, each of whom will assume different duties and responsibilities. Using a team approach assures the District that several individuals will be familiar with the District's needs and requirements. This approach offers superior service, better turnaround times and more efficient use of the District's staff time.

The water practice at Fieldman, Rolapp is diverse because water and water related transactions are pervasive throughout the Firm. Robert Porr, a Senior Vice President with the Firm, will be the Firm's engagement manager. Mr. Porr specializes in water and wastewater transactions and advises most of the Firm's utility clients. Mr. Darryl Street, Vice President, will serve as project manager for all District's assignments. Mr. Street has worked with Mr. Porr on numerous water transactions. Mr. Porr and Mr. Street will be assisted by Mr. Josh Lentz, Assistant Vice President, and Ms. Ruth Matthews, Senior Associate. All four members of our team will be available daily to District staff.

In 2008, 2009, 2010, and 2011 Fieldman, Rolapp & Associates advised on 53 financings secured by water, or wastewater revenues, totaling in excess of \$2 billion in par amount of obligations. The majority of these transactions, which include revenue bonds and certificates of participation, have been secured by senior pledges of water or wastewater revenues.

FRA leads all other financial advisory firms in completing water and water-related financings for California entities (both special districts and California cities with water enterprises.) The table below demonstrates our rankings based upon the number of issues completed over the last five years.



TOP 10 CALIFORNIA FINANCIAL ADVISORS FOR WATER & WASTEWATER FINANCINGS
 5 YEARS

Financial Advisor	Issues Completed (Sole FA)	Market Share	Par Amount (US\$ mil)	Issues Completed (Co-FA)
FIELDMAN, ROLAPP & ASSOCIATES	91	31%	3,019.9	0
Public Financial Management	54	19%	3,050.5	4
Public Resources Advisory Group	49	17%	4,406.7	17
Montague DeRose & Associates	23	8%	3,194.8	12
Barde Wells Associates	16	6%	573.1	0
KNN Public Finance	16	6%	650.1	22
Urban Futures Inc	15	5%	289.6	0
Northcross Hill & Ach	11	4%	264.3	0
Del Rio Advisors	8	3%	181.2	0
FirstSouthwest	7	2%	402.3	0
TOP 10 TOTALS	290		16,032.7	55

Source: Thomas Reuters on Demand, December 10, 2010

We believe that the number of transactions and assignments that we have completed and the diversity of our clients have given our professionals a better understanding of the business side of the municipal water industry. It is this understanding which permits us to approach challenges with practicality and develop effective financial advice.

Our analytical experience is best applied by combining the strengths of our professionals that have been involved in: (1) investment banking, trading and underwriting, (2) quantitative analyses, and (3) cash management services. Each member of the team assigned to this assignment is proficient in the use of the most commonly used word processing, spreadsheet and financial programs. Our software includes spreadsheet programs compatible with any which may be used by District.

Our team, steeped in years of experience in assisting numerous local agencies in making policy decisions, will make the issues and recommendations clear and concise for District's policymakers. After identifying needs and developing suggestions into real-world solutions, (in all facets) we believe in recommending a course of action for consideration by policymakers.

In addition to our transactional experience, we have served a wide range of clients in the planning, management and policy development required to support the financial process and implementation of long term capital plans. Over the last three years we have assisted a number of municipal agencies with policy development and review.



The table below illustrates some of our most recent efforts in the development of new or the review/enhancement of existing policies for our water district clients.

WATER DISTRICT	RESERVE POLICY	DEBT MANAGEMENT POLICY	BUILD AMERICA BONDS POLICY	SWAP POLICY	INVESTMENT POLICY
Eastern Municipal				✓	
Western Municipal	✓	✓		✓	
Rancho California		✓		✓	
Olivenhain Municipal		✓			✓
Orange County					✓
Castaic Lake Water Agency	✓		✓		✓
District Consolidated Water District	✓				
Santa Ana Watershed Project Authority	✓	✓			
San Bernardino Valley Municipal Water District	✓	✓			

Fieldman, Rolapp & Associates concentrates its consulting activities in three primary areas: capital finance transaction management, investment of capital funds and the planning, management and policy development required to support the capital formation process. By concentrating on the client's overall needs, the Firm is equipped to provide topical, useful consulting services to its clients on all aspects of the capital process. Below are brief descriptions of each of our areas of expertise.

Capital Planning, Management and Policy Development

The planning, management and development of the capital structure is often the least visible, but is clearly the most important undertaking in the management of the balance sheet of public sector clients. This is where the basic decisions are made about the scope, cost and approach to financing the client's needs. The firm assists clients with the development of clear, thoughtful plans for the implementation of the capital plan.

Capital Finance Transaction Management

The firm assists clients with all aspects of the debt issuance or borrowing process. For example, we advise clients on the general feasibility of financing a project, the nature and manner of the debt issue to be structured and sold, the size of the issue required to accomplish the client's funding requirements and the general state of the credit markets.

We assist the client with defining objectives for the financing, the determination of a method of sale, the selection of other service providers and the establishment of a timetable for the financing process. Once the objectives are defined and the best structure is selected, we assist the client with the marketing, sale and closing of the issue.



The Firm handles both competitive and negotiated sales of debt. In a competitive sales situation, the Firm assists with the dissemination of information to bidders and the calculation and acceptance of the bids received. In negotiated sales, the Firm advises its clients on the terms of the sale offered by the negotiating underwriter and assists with the negotiation of prices that are compatible with the client's needs.

Investment of Funds

Fieldman Rolapp Financial Services, LLC, an affiliate of the Firm, is a registered investment advisor. The affiliate offers clients professional, thoughtful investment advice relating to capital and operating funds. There are three basic elements to the investment advisory process: portfolio evaluation and reporting, tactical investment consulting, and the actual investment transaction.

Secondary Market Disclosure Services

Applied Best Practices, LLC, a subsidiary of FRA, has procedures and practices to assist an issuer to meet all necessary requirements pursuant to Rule 15c2-12(b)(5) of the Securities Exchange Act of 1934.

Arbitrage Rebate Services

Applied Best Practices, LLC, a subsidiary of FRA, has procedures and practices to assist an issuer to meet all necessary requirements pursuant to the federal tax code.

Commitment to Water Industry

Fieldman Rolapp & Associates is deeply committed to the support and development of the Water Industry and has been for decades. We have demonstrated this commitment in many ways including financially co-sponsoring with the Association of California Water Agencies ("ACWA") a Public Television Series and CD entitled "California's Water-Climate Change."

Legislatively, we have supported all the professional water groups by assisting in the drafting of certain legislative priorities of the associations as well as those of ACWA. We have demonstrated our support by sponsoring, attending and providing educational presentations to other water groups. We also sponsor and attend the Riverside County Water Symposium and other events.

With our involvement and commitment, as a firm we know the water and wastewater industry issues and needs. Fieldman Rolapp & Associates is proud of our involvement, commitment and support to the industry and plans to continue and strengthen our involvement in the future.

Other Technical and Data Resources

FRA maintains the most sophisticated software available for structuring municipal bond issues. Our advanced DBC software allows us to analyze and structure almost any bond or loan structure, and our project personnel are proficient in the use of the software.

Technical resources include a live Bloomberg terminal and TM3 subscription that provides us with the most up-to-date market events and data. Each of these allows us to gather and analyze the fixed-income markets for use in debt pricing, spread negotiations and forecasting economic conditions. With access to Bloomberg and TM3, we have access to the latest pricing information in the fixed-income markets.

While all of our technical resources allow us to keep abreast of the markets and trends, we have not allowed this new infrastructure to replace the "old-fashioned" resources of talking with analysts at rating agencies and communicating with the client, investment bankers, and underwriters. There still is no substitute for conducting thorough due diligence and analysis by hard-working individuals; technical resources simply allow us to do more of it and more quickly.



We believe that FRA is an excellent choice for providing the financial advisor services required by the District. Our track record for delivering high quality service and providing creative advice with our clients' best interests at heart speaks for itself. The District will always have access to its entire FRA team and we will meet the District's needs even on short notice. We are experts in water and wastewater credits, we are creative and reliable, we communicate with our clients and their boards in plain English, we serve as extension of staff and we provide continuity based on long-tenured, senior professional management. Our strength is our people and experience. We are dedicated to the District and are committed to meeting and exceeding the District's needs.



2. SCOPE OF WORK

The District is looking for financial advisory services to be provided in connection with the potential absorption of the City of Big Bear Lake's water enterprise. A critical financial issue will be the financial ability to service customers at fair and reasonable rates and charges. Integral to such issue is the revenues, expenses and outstanding debt of each entity. We have already begun to analyze the District's and the DWP's outstanding debt to ascertain the existence of refunding and/or restructuring opportunities to make the transfer of the water system as economically efficient as possible. We will undertake an effort to bolster out already thorough understanding of the District's needs, financial constraints and risk tolerance by a thorough analysis of the District's budget, cash flows, audit, existing debt and other pertinent financial information. Thus, based on our current understanding of the District's needs, we envision the potential scope of work to include three phases. We have outlined within each phase the potential tasks that might be associated with the particular phase. This list is not exhaustive and will be subject to change, depending on the specific assignments we receive from the District. Further, if in the District's opinion specific tasks listed are not warranted, FRA will adjust the tasks, if selected as financial advisor.

PHASE I – REVIEW OF DISTRICT'S FINANCIAL STATUS AND POLICY UPDATE/DEVELOPMENT

We will encompass an extensive review of the District's overall financial status, debt outstanding and available cash reserves. It will include the potential review of existing policies, as well as possibly the development of new financial policies, which will be discussed and drafted by the joint efforts of District Staff, FRA, and District's Counsel, where appropriate. The credit rating agencies look favorably on municipal issuers that have adopted a full set of policies as such demonstrates strong governance on the part of elected officials and strong management on the part of staff. We will work with Staff to understand District's short and long term objectives. Some of those will include: better understanding the District's plans to acquire the assets of, and take over providing services for the City's Department of Water & Power, completing capital improvements that maintain rates and charges at levels that are acceptable to ratepayers; obtaining and maintaining strong credit ratings without sacrificing the ability or flexibility of the District to access the capital markets; and maintaining reserve balances at levels that are prudent.

PHASE II – SPECIAL ASSIGNMENTS AS DIRECTED BY DISTRICT AND IDENTIFICATION OF DISTRICT'S OBJECTIVES

The second phase includes specific assignments as directed by the District and combines identifying the most important objectives with analyzing and assessing the fiscal health of the District to develop a strategy for financing contemplated borrowings and any other capital improvement projects reflected in the District's capital improvement plan for the next five fiscal years.

PHASE III – TRANSACTION MANAGEMENT

Lastly, there is the transaction management phase. We will assist the District in the design of a financing structure for any potential financing consistent with the District's policies and objectives, that coordinates each transaction with outstanding issues and that reflects current conditions in the capital markets. We will take the lead role in preparing a schedule and detailed description of the interconnected responsibilities of each team member and update this schedule, with refinements, as necessary, as the work progresses. As the financing activities progress, we will constantly monitor the progression to ensure that the District's policies



and objectives are not compromised. If deviations take place, we will advise District Staff and provide a recommended course of action.

We will coordinate (and assist, where appropriate) the review of the legal and disclosure documents and will monitor the progress of all activities leading to the sale of each series of debt. We will monitor document preparation for a consistent and accurate presentation of the recommended business terms and financing structure of each debt issue. We will prepare the timetables and work schedules necessary to achieve this goal in a timely, efficient and cost-effective manner and will coordinate and monitor the activities of all parties engaged in the financing transaction. We stand ready and willing to attend all public meetings, workshops, and hearings that District Staff deems necessary.

We will take the lead in analyzing the District's credit from both quantitative aspects (for example, calculating credit metrics), and qualitative aspects (for example, recommending an appropriate rate covenant and additional bonds test). For the District, we will prepare the credit presentation, with the input from other finance team members, and prepare the presenters for the actual meeting(s) with the rating analysts. We recognize that the credit process is an important part of minimizing interest expense.

In the case of a negotiated sale of debt, we will perform a thorough evaluation of market conditions preceding the negotiation of the terms of the sale of debt and will assist the District with the negotiation of final issue structure, interest rates, interest cost, reoffering terms and gross underwriting spread to provide a recommendation on acceptance or rejection of the offer to purchase the debt. The assistance and evaluation will focus on the following areas as determinants of interest cost: size of financing; sources and uses of funds; terms and maturities of the debt issue; investment of debt issue proceeds; distribution mixes among institutional and retail purchasers; interest rate, reoffering terms and underwriting discount with comparable issues; and redemption provisions.

We will provide regular commentary on current municipal market conditions, trends in the market and how these may favorably or unfavorably affect the District's proposed financing. We will make specific recommendations as to the optimal time to enter the market according to the protocols for competitive or negotiated sales. We will assist in activities related to the closing of each financing. We will assist the District's bond counsel in assuming responsibility for such arrangements as they are required, including arranging for or monitoring the progress of bond printing, qualification of issues for book-entry status, signing and final delivery of the securities and settlement of the costs of issuance.

In addition, we will act as the District's representative in procuring the services for trustees, paying agents, fiscal agents, financial printers for the official statement and related services. Further, we will act as the District's representative in procuring the services or other consultants or professionals as necessary under the District's direction, including the preparation and evaluation of requests for proposals for underwriters and other professionals. We have built and maintained a customized database for servicing the needs of our clients in these matters. In addition, we have developed and utilized a four phase systematic method of procuring the aforementioned service needs. Our systematic method (Identification, RFP, Response and Evaluation) has yielded favorable results to our current and past clients.

The potential specific services to be provided in Phase III may include:

1. Initial Meeting and Set-Up of the District Objectives

Our aim in this stage of the work is to ensure that everyone has a clear understanding of the District's financing and policy goals. Ensuring that everyone has a thorough grasp of the District's goals will empower the financing team to work smoothly and efficiently.



2. Prepare and Monitor Schedule

To ensure milestones are met in a timely manner and that the preparation for the issuance of bonds occurs according to schedule, our firm will work with the rest of the finance team to draft a schedule of responsibilities. Thereafter, we will coordinate the team to make certain that financing activities are occurring according to schedule.

3. Review of Legal and Financing Documents

FRA will review documents and will review the highlights and notable points with District Staff, saving time for the Staff.

4. Structuring of the Bond Issue

Financing Model

If not already done as part of our assignments in the previous phases, we will develop a financial model in Microsoft Excel of the District's financial position; the model will depict revenues and expenses and calculate debt service coverage, cash flow and cash balances. The initial model will be based upon the most recent audited financial statements of the District. We will work closely with Staff to develop reasonable assumptions for each revenue and expense line item. With a working model of revenues and expenses we will then overlay the additional debt to finance the project and test rates, debt service coverage levels and cash balances.

Weighing the Impacts of using Cash versus Issuing Debt

Our services would be focused on providing a recommendation to the District by weighing the anticipated cost of borrowing money to fund projects versus the anticipated rate of return of cash on hand to fund those same projects, as well as the current balances in the District's reserves.

Issue Lowest-Cost of Debt

We will compare the use of various types of debt such as fixed-rate debt, floating rate debt, etc., and detail for Staff the benefits and drawbacks of each. We will work in cooperation with the investment banking team, if any, to develop a financing structure including maturity schedules, additional bonds test, redemption features and other covenants, etc., that is most suitable for the District.

5. Credit Ratings

The ratings downgrade of most of the bond insurance companies has resulted in investors placing an even greater emphasis on underlying ratings. Each issuer and each transaction have its own set of facts; however, in today's market, credit ratings have become even more important.

As part of the contemplated borrowing, if selected as the District's financial advisor, we will take the lead in the preparation of the District's credit presentation. We will coordinate the presentation materials among all the District presenters and coach presenters on their specific parts. We often recommend to clients that face to face meetings be held with the analysts for each major bond issuance. Our presentation will highlight the District's overall strong credit features and focus on presenting and highlighting key credit benchmarks and financial ratios, based on our experience and knowledge of what criteria the ratings agencies typically assess. We aggressively seek credit rating upgrades or new ratings for our clients.



6. Advise on the Choice of Sale Method

FRA will review with the District the financial basics relating to the choice between a competitive and a negotiated sale. These factors can be placed into three broad categories of characteristics: Issuer Characteristics (market familiarity, credit strength and policy goals), Transaction Characteristics (form of debt, issue size, complexity, market conditions and the story underlying the issuance) and prevailing Market Dynamics (interest rate environment and supply and demand).

7. Selling the Bonds Competitively

- a. FRA will develop a marketing plan for selling the bonds.
- b. FRA will establish an account with Parity® electronic bidding system.
- c. FRA will create and publish Notice of Sale and electronically post Preliminary Official Statement.
- d. FRA will monitor pricing electronically during the bond sale and make live access available to the District to ensure transparency and the lowest interest rates available.
- e. FRA will verify winning bid and make recommendations to the District.

8. Selling the Bonds on a Negotiated Basis

- a. FRA will coordinate a marketing plan with the underwriter.
- b. FRA will negotiate underwriter's compensation and redemption features on behalf of the District.
- c. FRA will facilitate calls before and at pricing of the bonds.
- d. FRA will prepare a list of contemporaneously sold transactions, similar in size, rating and structure and compare the coupons and yields of such issues with the proposed pricing offered by the underwriter.
- e. FRA will review pricing, negotiate the pricing with the underwriter, and make recommendations to District.

9. Conduct Market Analysis and Evaluate Timing of Market Entry

- a. FRA will provide regular commentary on current municipal market conditions, trends in the market and how these may favorably or unfavorably affect the District's proposed financing.
- b. FRA will make specific recommendations as to the optimal time to enter the market according to the protocols for competitive or negotiated sales.

10. Closing Activities

- a. FRA will prepare closing memorandum with wire instructions and coordinate with Trustee and Underwriter to ensure the smooth closing of the transaction.
- b. FRA will review all closing documents for accuracy and completeness.
- c. FRA will coordinate with the financing team on all closing activities.



d. FRA will prepare a closing laminate for District Staff to have as a summary reference guide.

11. Post-Closing

We will always be available to confer with District Staff regarding any matter and as directed by District Staff we will confer with District officials, members of the public, or stakeholders.



3. FEE SCHEDULE

It is difficult to estimate the hours that will be needed to complete the tasks outlined in Phases I and II of our proposal, since we are not certain at this time which tasks and deliverables the District might require. Thus, Fieldman, Rolapp & Associates proposes to bill the District on an hourly basis for all advisory services pursuant to Phase I and Phase II. The fee schedule listed below details our proposed hourly fees broken out by level of personnel performing the assigned tasks. We propose a “not-to-exceed” amount of \$20,000 (exclusive of all actual expenses incurred). If in the District’s opinion specific tasks listed as potential services in Phases I and II are not warranted, FRA will adjust the tasks, if selected as financial advisor, thus decreasing the annual not-to-exceed amount. In addition, some of the services pertaining to Phases I and II may be completed as part of the financing services outlined in Phase III, thus decreasing the annual hourly not-to-exceed amount.

Hourly Fees Effective January 1, 2005	
Executive Officer	\$300 Per Hour
Principal	\$290 Per Hour
Principal/Senior Vice President/Director	\$275 Per Hour
Vice President	\$225 Per Hour
Assistant Vice President	\$195 Per Hour
Senior Associate	\$150 Per Hour
Associate	\$125 Per Hour
Analyst	\$85 Per Hour
Administrative Assistant	\$65 Per Hour
Clerical	\$35 Per Hour

Financial Advisory Services performed in connection with a transaction pursuant to Phase III of the scope of work in our proposal will be billed for at the amounts set forth below and will be contingent on, and payable at the closing of the debt issue(s).

Transaction Size		Negotiated Sale Fee Sale Fees	Competitive Sale Fee Sale Fees
\$1	to \$25,000,000	\$50,000	\$55,000
\$25,000,001	to \$50,000,000	\$60,000	\$70,000
\$50,000,001	and above	to be negotiated	to be negotiated

Expenses

Expenses incurred as part of the transaction will be billed for separately and will cover, among other things, travel, lodging, subsistence, overnight courier, Internet posting, computer, and fax transmission charges. Advances made on behalf of the District for costs of preparing, printing or distributing disclosure materials or related matter whether by postal services or electronic means, may also be billed through to the District upon prior authorization. Additionally, a surcharge of 6% of the net fee amount is added to non-verifiable out-of-pocket expenses.



4. PROPOSED STAFFING AND PROJECT ORGANIZATION

All FRA personnel are available to the District as needed. FRA personnel responsible for the day-to-day financial advisory services to District are listed below. All of the personnel are located in our offices in Irvine, California. Their resumes follow.



ROBERT A. PORR

Engagement Manager

Allocates resources of firm, manages day-to-day activities of the project team, interfaces with District Staff, Management, and Board.



DARRYL T. STREET

Project Manager

Assists the Engagement Manager in managing day-to-day activities of project team, interfaces with District Staff. Oversees all technical, financial analyses and document review.



JOSHUA J. LENTZ

Technical Consultant

Provides technical analysis, including the initial drafts of proposal analyses and memoranda documenting financial options and decisions.



RUTH C. MATTHEWS

Technical Consultant

Provides technical analysis, including the initial drafts of proposal analyses and memoranda documenting financial options and decisions.



Mr. Robert A. Porr, Senior Vice President, returned to the firm in May 2005 after pursuing a career in investment banking. Since re-joining the firm, he has focused on serving the firm's utility clients having completed transactions with the Eastern Municipal Water District, Olivenhain Municipal Water District, Rancho California Water District and City of Redlands Redevelopment Agency. He is working with Azusa Light and Water and the cities of Corona, Newport Beach and Redlands. Mr. Porr has served as swap advisor to Hemet United School District, Riverside County Transportation Commission and Western Municipal Water District.

Prior to joining the firm, Mr. Porr was a Senior Vice President for a regional investment banking firm for more than eight years. His experience as a banker includes working with numerous local agencies in connection with the issuance of more than \$1.2 billion in debt. Mr. Porr has assisted issuers with the structure and sale of many forms of debt including general obligation, special tax, assessment, revenue and lease backed debt. He structured nearly \$100 million of complex tax-backed refunding debt for the County of Riverside and developed a novel lease revenue bond structure for the Alaska Industrial Development and Export Authority. Mr. Porr's experience includes investment banking assignments for Anaheim Public Utilities, the County of Los Angeles and the Cities of Murrieta, Norco, Palmdale and Redlands. During his previous employment with Fieldman, Rolapp & Associates, Mr. Porr worked with Central Coast Water Authority, Coachella Valley Water District, Eastern Municipal Water District, East Valley Water District, Elsinore Valley Municipal Water District, Orange County Water Agency, Palmdale Water District and Santa Margarita Water District.

Mr. Porr earned his undergraduate degree in Psychology from Pace University in New York, NY and his Juris Doctorate from New York Law School in New York, NY.

Mr. Porr holds the CIPFA designation as a Certified Independent Public Finance Advisor from the National Association of Investments Advisors and is admitted to practice law in the State of New York.

Mr. Darryl T. Street, CIPFA, Vice President, returned to Fieldman, Rolapp & Associates in September 2007 after working for an investment banking firm. Prior to joining the firm, Mr. Street served as a debt management analyst for the City of Los Angeles. Mr. Street also served as an investment agreement provider for Protective Life Insurance Company (GIC Division), headquartered in Los Angeles, CA. Since re-joining the firm, Mr. Street is focusing on serving the firm's city, redevelopment agency and special district clients.

Before leaving to work in the investment banking industry, Mr. Street had worked at Fieldman, Rolapp & Associates for more than five years. During that time Mr. Street assisted clients with credit enhancement, debt structure analytics and all aspects of the competitive sale process. He provided technical assistance on various financing projects, as well as preparing quantitative analyses on bond structuring, cash flow utilization, and refinancing opportunities. During his time at the firm, Mr. Street has completed several hundred financing engagements of various types for a wide variety of clients. Those clients have included Western Municipal Water District, the City of Big Bear Lake Improvement Agency, the State of California, The J. Paul Getty Trust, the counties of Los Angeles, Orange and Alameda, and the cities of Los Angeles, Arcadia, Concord, Inglewood, Compton, Culver City, San Juan Capistrano and Rialto, amongst many others, in achieving their debt capital goals.

Mr. Street holds an M.B.A. in finance and a B.B.A. in business management from Loyola Marymount University in Los Angeles. In addition, Mr. Street holds the CIPFA designation as a Certified Independent Public Finance Advisor from the National Association of Independent Public Finance Advisors, as well as being a registered investment advisor representative (Series 65). In addition, Mr. Street has participated on speaker panels for both CDIAC and the County of San Diego Treasurer-Tax Collector, most recently regarding the investment of bond proceeds.



Mr. Joshua J. Lentz, Assistant Vice President, joined the firm in August 2006. Prior to joining the firm, Mr. Lentz was a Public Finance Paralegal for over eight years. Mr. Lentz has been involved in all aspects of public finance issuances, including general obligation bonds, lease revenue obligations, special tax bonds, assessment district bonds, tax allocation bonds, enterprise revenue obligations, multifamily housing revenue bonds and 501(c)(3) revenue obligations. He has completed transactions with Eastern Municipal Water District, East Valley Water District, the cities of Orange, San Clemente, San Marcos, Thousand Oaks, and Vista, and the Roman Catholic Diocese of Orange.

Over the last 13 years, Mr. Lentz has been assisting a variety of clients with continuing disclosure reporting for multiple school districts, special districts, cities and redevelopment agencies.

Mr. Lentz received his Bachelor of Arts in History with concentrations in Economics, Political Science, Sociology and Urban Geography from the Arizona State University. Mr. Lentz is a registered Investment Advisor Representative (Series 65), a licensed Real Estate Salesperson in the State of California and is a Certified Independent Public Finance Advisor.

Ms. Ruth C. Matthews, Senior Associate, joined Fieldman, Rolapp & Associates in June 2009. Since joining the firm, Ms. Matthews has focused her quantitative skills on complex financing models. She has worked with Western Municipal Water District, Orange County Water District, Castaic Lake Water Agency, Mojave Water Agency, Rancho California Water District and District Consolidated Water District. For many of our water clients, she has created financing models that measure critical credit metrics. Ms. Matthews has prepared numerous credit presentations on behalf of our water clients. She also provides project support and compiles general market information, providing insight into clients' financing activities and analyzes operating and capital budgets.

Prior to joining the firm, Ms. Matthews worked for a special tax consulting firm. While there, she was involved with CFD formations, preparation of annual special tax levies, and the CFD administration.

Ms. Matthews received an Allaway Scholarship to attend the University of California, Berkeley for undergraduate studies and has a Masters of Mathematics degree from the University of Sussex (England).



5. REFERENCES

We focus on exceeding the expectations of each client. The values of our Firm push us to strive for excellence and build long term relationships based on trust. From the listing of Water and Wastewater transactions we have completed during the past three years, we have selected 3 references for the District to contact to understand our working relationships. These references will confirm our professionalism and commitment to high quality service. We urge you to contact them.



Rancho California Water District
42135 Winchester Road
Temecula, CA 92590

Jeff Armstrong, Chief Financial Officer/Treasurer

951-296-6928

armstrongj@ranchowater.com

Recent Assignments Completed for RCWD: We have served as the District's financial advisor since the late 1970's. During the last 3 years, we have developed comprehensive debt management policies, assisted RCWD prepare and make its annual presentations to the credit rating agencies; assisted RCWD with the termination of four interest rate swaps and the refunding of \$300 million of floating rate debt into two separate series, a fixed rate and a floating rate series, the latter one of which has two interest rate swaps associated with it. More specifically, in 2007, we advised RCWD on the conversion and pricing of \$60.2 million of adjustable rate water revenue bonds into fixed rate revenue bonds. Our efforts included analyzing and balancing the use of the cash position of RCWD to determine the efficacy and practicality of leaving the debt in a variable rate mode or converting the debt to fixed. Based upon our efforts and recommendation, RCWD decided to convert the bonds into a fixed rate mode. In addition, we have also assisted RCWD in replacing an expiring letter of credit for one of its variable rate bond issues. Further, in 2008, RCWD was interested in placing a solar array project on vacant land adjacent to one of its treatment plants. The 1.12 megawatt solar project offered RCWD the opportunity to currently save money on its cost of energy, but also provide a hedge against escalating energy costs. RCWD asked us to review and analyze three alternatives to finance the project. The alternatives were using a lease-purchase structure, a lease structure and a power purchase agreement. Our analysis from a financial perspective clearly indicated that the power purchase agreement would provide the greatest potential benefit to RCWD – approximately \$3.4 million. We were also able to envision the practical benefits of the power purchase agreement, and avoided unnecessary entanglements, obsolescence and insurance risks. In addition, as part of another assignment last year, we developed a sophisticated model to analyze the costs and benefits of various financing alternatives and timing considerations for the expansion of the Santa Rosa Wastewater Treatment Plant. In addition to the issuance of water revenue bonds in 2007 and 2008 with which we assisted RCWD, we have recently worked on a revenue bond offering with a par amount of \$130 million that will fund water and wastewater projects and are currently advising the District on several other projects, including the analyses of two new potential solar power projects.



Western Municipal Water District
450 E. Alessandro Blvd.
Riverside, CA 92517

John Rossi, General Manager

951-789-5042
jrossi@wmwd.com

Rod LeMond, Assistant General Manager/CFO

951-789-5003
rlemond@wmwd.com

Recent Assignments Completed for WMWD: We have served as Western MWD's financial advisor since the early 2000's. During the last 3 years, we have assisted Western MWD with the development and drafting of swap policies and a comprehensive cost/benefit analysis of various financing alternatives for a solar panel project. Further, we have assisted Western by negotiating the termination of one interest rate swap that hedged a portion of a series of outstanding bonds and the execution of a new replacement swap that hedged the \$45.7 million balance of remaining bonds. As part of that process, in 2008, we assisted WMWD with an interim financing to refund their outstanding auction rate securities. In 2009, we advised Western on a \$48 million variable rate refunding water revenue bonds and a \$54.3 million of fixed rate new money water revenue bonds. We managed the bidding process for liquidity to secure the \$48 million variable rate bonds in a severely limited liquidity market and were able to negotiate favorable terms and pricing from the highest rated bank in the United States. Further, in 2009, we assisted Western with the procurement and successful private placement for a new headquarters facility. Also, in 2009, in connection with our role as the District's swap advisor, we prepared a comprehensive swap valuation report reflecting the requirements of the newly adopted GASB 53. In 2010, FRA advised Western on the issuance of \$51.2 million revenue bonds to finance various water and wastewater projects in furtherance of their capital improvement plan. The bonds were structured into two series; tax-exempt and federally-taxable Build America Bonds. The firm advised Western on all aspects of the transaction; including leading discussions with the rating agencies, making several presentations to their Board on various aspects of the financing, as well as negotiating with the underwriter to obtain the best possible pricing for the bonds.



Castaic Lake Water Agency
27234 Bouquet Canyon Rd.
Saugus, CA 91350

Valerie Pryor, Administrative Services Manager

661-513-1257
vpryor@clwa.org

Recent Assignments Completed for CLWA: In 2008 we assisted CLWA with the refunding of its then outstanding auction rate securities and the issuance of approximately \$40 million of variable rate refunding water revenue certificates of participation secured by a letter of credit provided by Wells Fargo. Last year we reviewed and helped with the preparation of CLWA's budget and developed reserve policies. Earlier this year, we assisted CLWA with the structuring and pricing of \$14.5 million of revenue certificates of participation for



its retail division. We recently completed on a \$70 million refunding issue of the Agency's 2001 revenue certificates of participation. In addition, we provide the Agency with quarterly analysis of its swap performance and prepare and provide the Agency with annual swap valuation reports. We have also reviewed and enhanced the Agency's investment policies and assisted the Agency with the purchase of new reserve fund investments for its 2006A and 2006C certificates of participation. Further, we have developed a comprehensive model that analyzes the cost and benefit of fixed rate debt vs. floating rate debt vs. maintaining the Agency's then-current debt profile.

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

MEETING DATE: *May 19, 2011*

AGENDA ITEM: *6C*

SUBJECT:

CONSIDER ADOPTION OF RESOLUTION 2011-03 THAT WOULD IMPLEMENT THE MEYERS-MILIAS-BROWN ACT, GOVERNMENT CODE SECTIONS 3500-3511 AND AMEND RESOLUTION NO. 2006-13 (ADMINISTRATIVE CODE TO PROVIDE PROCEDURES FOR ADMINISTRATION OF EMPLOYER-EMPLOYEE RELATIONS)

RECOMMENDATION:

The Administrative Committee (Directors Suhay & Eminger) recommend adoption of this Resolution No. 2011-03.

DISCUSSION/FINDINGS:

The proposed Resolution, if adopted, would implement the Meyer-Milias-Brown Act, Government Code Sections 3500-3511, and amend District Resolution No. 2006-13 (Administrative Code) to provide procedures for administration of employer-employee relations. In contemplating acquisition of the DWP, which employees are represented by a union, the District would use the procedures in the resolution to negotiate and potentially prepare a transitional MOU with employees at the DWP. The District currently has no procedure in place to address this issue.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

May 6, 2011

Scott Heule, General Manager
Big Bear Municipal Water District
P. O. Box 2863
Big Bear Lake, CA 92315

RE: Meyers-Milias-Brown Act Resolution


We have enclosed a draft resolution that would implement the Meyers-Milias-Brown Act, Government Code Sections 3500-3511, and amend Resolution No. 2006-13 (Administrative Code) to provide procedures for administration of employer-employee relations.

We recommend the Board consider the enclosed draft resolution at an upcoming meeting.

Please do not hesitate to contact us if you wish to discuss the foregoing.

Very truly yours,

LEMIEUX & O'NEILL



Christine M. Carson

CC/lms
Enclosure

*****DRAFT*****
RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
BIG BEAR MUNICIPAL WATER DISTRICT
AMENDING RESOLUTION NO. 2006-13 (ADMINISTRATIVE CODE)
AS IT RELATES TO PROCEDURES FOR
EMPLOYER-EMPLOYEE RELATIONS**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR
MUNICIPAL WATER DISTRICT as follows:**

1. Purpose.

This Resolution amends Resolution No. 2006-13 (Administrative Code) to provide for administration of employer-employee relations.

2. Amendment.

Article 6 is hereby added to Chapter 4 of Resolution No. 2006-13 (Administrative Code) to read as follows:

“ARTICLE 6 – EMPLOYER-EMPLOYEE RELATIONS

Section 4.601 Statement of Purpose

This Article establishes policies and procedures for the administration of employer-employee relations so efficiency of government is promoted. Such policies and procedures shall include provisions for: determination of representational units, recognition of majority representatives, procedures for meeting and conferring and impasse resolution, and procedures for the resolution of grievances and other disputes regarding wages, hours and other terms and conditions of employment.

Section 4.602 Definitions

As used in this Article, the following terms shall have the meanings indicated:

(a) ‘Confidential Employee’ means an employee who is privy to the decisions of District management affecting employee relations.

(b) ‘Consult’ or ‘consultation’ means to communicate verbally or in writing for the purpose of presenting and obtaining views or advising of intended action.

(c) 'Employee' means a person employed by the District on full-time, permanent basis.

(d) 'Employee Organization' means any lawful organization which includes employees of the District and which has as one of its primary purposes representing such employees in their employment relations with the District.

(e) 'Fact-finding' means identification of the major issues in a particular dispute, review of the positions of the parties, resolution of factual differences by one or more impartial fact-finders and the making of recommendations for settlement of the board.

(f) 'Grievance' means a claim by one or more persons of a violation, misinterpretation or inequitable application of the rules and regulations or memorandum of understanding applicable to the employees. A dispute over the terms of an initial or renewed memorandum of understanding does not constitute a grievance.

(g) 'Impasse' means a deadlock in negotiations between a recognized employee organization and the District over any matter required to be negotiated, or over the scope of the subject matter of the negotiations.

(h) 'Management Representative' means the General Manager or authorized representative.

(i) 'Mediation' means efforts by an impartial third party, functioning as intermediary, to assist the parties in reaching a voluntary resolution of an impasse through suggestion and advice.

(j) 'Memorandum of Understanding' means a written document prepared by the parties incorporating matters of which agreement is reached following negotiations. The memorandum shall be presented to the board for determination.

(k) 'Negotiation' means the performance by management representatives and duly authorized representatives of recognized employee organization of their mutual obligations to meet at reasonable times and to confer in good faith with respect to wages, hours and other terms and conditions of employment, and includes the mutual obligations to execute a memorandum of understanding incorporating any agreement reached which shall be presented to the board for their determination. This obligation does not compel either party to agree to a proposal or to make a concession.

(l) 'Professional Employee' means any employee engaged in work requiring (i) predominantly intellectual and varied in character as opposed to routine mental, manual mechanical or physical work; (ii) involving the consistent exercise of discretion and judgment in its performance; (iii) of such character that the output cannot be standardized in relation to a given period of time and (iv) requiring knowledge of any advanced type in a field of science or learning requiring a prolonged course of specialized instruction and study in an institution of higher learning.

(m) 'Recognized Employee Organization' means an employee organization which is certified as representing a majority of the employees in a particular representational unit.

(n) 'Representational unit' or 'unit' means a grouping of employees classifications for the purpose of establishing the employee classifications which will be the subject of a particular negotiation.

Section 4.603 Employee Rights

Employees may form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on matters of employee relations. Unless an agency shop is negotiated by a bargaining unit, employees may refuse to join or participate in the activities of employee organizations, and shall have the right to represent themselves individually in their employment relations with the District. No employee shall be interfered with, intimidated, restrained, coerced or discriminated against because of the exercise of these rights.

Section 4.604 District Rights

The District shall determine the mission of each of its constituent departments, set standards of services to be offered to the public, determine job classifications, assignments and schedules, and exercise control and discretion over this organization and operations. The District shall direct its employees, take disciplinary action up to and including termination, implement rules, relieve its employees from duty because of lack of funds or work or other lawful reason, and determine the methods, means, equipment, personnel and contractors by which the District's operations are to be conducted. However, the exercise of such rights does not preclude employees or their representatives from conferring or raising grievances about the practical

consequences that decisions on these matters may have on wages, hours, and other terms and conditions of employment.

Section 4.605 Representational Units

(a) A petition for certification as recognized employee organization of employees in a proposed unit may be filed by an employee organization with the General Manager.

(b) The General Manager shall determine whether the proposed unit is appropriate by considering the following factors, among others:

- (1) the community of interest of the employees;
- (2) the history of employment relations in the unit;
- (3) the effect of the unit on the efficient operation of the public service and sound employee relations; and
- (4) the effect upon existing classification structure.

(c) In establishing units, Executive, Managerial, Supervisorial, Professional and Confidential employees shall not be included in a unit with non-professional employees unless a majority of such Executive, Managerial, Supervisorial, Professional and Confidential employees vote for inclusion.

(d) The General Manager shall conduct a hearing on each unit after giving interested employee organizations notice thereof.

(e) The General Manager shall determine any dispute concerning the relationship between existing units involving the addition or the deletion of the classification.

Section 4.606 Recognition

(a) Following establishment of an appropriate representational unit, the Board shall conduct a secret ballot election to determine whether the employees within the unit wish to be represented by an employee organization and if they wish to be represented what their choice of representation is.

(b) If a majority of the employees within a unit vote in favor of a particular employee organization representing them, then such organization shall be designated as the recognized employee organization.

(c) A petition alleging that a recognized employee organization is no longer the majority representatives of the employees in the unit, may be filed with the Board by any employee, group of employees or their representatives. Said petition may be filed any time after completion of the recognized employee organization's first year of recognition. If the Board determines the allegations in the petition are true, then it may order another election.

Section 4.607 Consultation and Negotiations

(a) Matters affecting employee relations, including those that are not subject to negotiations, are subject to consultation between management representatives and the duly authorized representatives of affected employee organizations. Every reasonable effort shall be made to have such consultation prior to affecting basic changes in any rule or procedure affecting employee relations.

(b) The scope of negotiations between management representatives and the representatives of recognized employee organizations includes wages, hours, and other terms and conditions of employment within the employee representation unit.

(c) Negotiation shall not be required on any subject preempted by Federal or State law, nor shall negotiation be required on Employee or Employer Rights as defined above. Proposed amendments to this Article are excluded from the scope of negotiation.

(d) Management representatives and representatives of recognized employee organizations may, by mutual agreement, negotiate on matters of employment concerning which negotiation is neither required nor prohibited by this Article.

Section 4.608 Impasse Resolution

(a) If management representatives and the representatives of a recognized employee organization reach an impasse, the matter may be submitted by either party to the Board for impasse resolution.

(b) If the Board determines that there has been insufficient effort to resolve the impasse, it may deny the request for impasse resolution and remand the matter to the parties for further consideration.

(c) If the Board determines that further consideration will not result in settlement, it may, in its discretion, refer the matter for mediation or fact-finding, or it may determine the matter itself.

Section 4.609 Mediation

Mediation is authorized, prior to fact-finding, on all disputed matters. All mediation proceedings shall be private. The mediator shall be appointed in a manner mutually agreeable to the parties, and cost thereof shared equally by both parties.

Section 4.610 Fact-Finding

Fact-finding is authorized on all disputed matters. The recommendations of the fact-finder shall be limited to the issues originally referred for dispute settlement. The fact-finder report shall be filed with the Board, which shall transmit copies thereof to the management representative and the representative of the recognized employee organization. The fact-finder shall be appointed in a manner mutually agreeable to the parties, and the cost thereof shared equally by both parties.

Section 4.611 Unfair Practices

- (a) It shall be an unfair employee relations practice for the District:
- (1) To interfere with, restrain, or coerce employees in the exercises of the rights recognized or granted in this Article;
 - (2) To dominate or interfere with the formation of any employee organization or contribute financial support to it, provided that the Board may permit the use of District facilities, make dues deductions, and permit employees who are officers or representatives of employee organization to confer with Management Representatives during working hours without loss of time or pay, subject to applicable regulations;
 - (3) To refuse to negotiate with representatives of recognized employee organization on negotiable matters.
- (b) It shall be an unfair employee relations practice for employee organizations or their representatives or members:

(1) To interfere with, restrain or coerce employees in the exercise of the rights recognized or granted in this Article;

(2) To refuse to negotiate with Management Representatives on negotiable matters, which the employee organization involved has been recognized as the majority representative.

(c) With respect to the impasse procedures set forth in this Article, it shall be an unfair employee relations practice for either the District or a recognized employee organization to fail or refuse to cooperate with the Board or with any mediators or fact-finders designed by it.

(d) Charges of violations of this Section or of this Code, or of applicable rules or regulations, may be initiated by a management representative, by a representative of any employee organization, or by an individual employee or group of employees. Such charges shall be filed in writing with the Board. Each charge so filed shall be processed in accordance with the rules and regulations of the Board.

(e) If the Board's decision is that the District has engaged in an unfair employee relations practice or has otherwise violated this Article of any rule or regulation issued thereunder, the Board shall direct the management representative to take appropriate corrective action.

(f) If the decision is that an employee organization or its representatives or members have engaged in an unfair employee relations practice, or have otherwise violated this Article or any rule or regulation issued thereunder, the Board shall direct the offending party to take appropriate corrective action. If compliance with the Board's decision is not obtained within the time specified by the Board, it shall so notify the General Manager, who may then take appropriate action, subject, however, to appeal to the Board by the affected party.

Section 4.612 Grievances

The inclusion of a grievance procedure within a memorandum of understanding is a matter for negotiation between management representatives and representatives of recognized employee organizations. Such procedure may include a provision for the binding arbitration of unresolved grievances subject to the limitations imposed by law.

Section 4.613 Procedural Rights

(a) Management representatives shall adopt rules and regulations regarding the activity of recognized employee organizations on District property, including procedures for conferring with management, the use of bulletin boards and solicitation of membership.

(b) Payroll deductions may be made for membership dues in accordance with applicable law and District rules.

(c) To facilitate negotiations, the District shall provide to recognized employee organizations concerned, the published data it regularly has available concerning subjects under negotiation, including data gathered concerning salaries and other terms and conditions of employment provided by comparable public and private employers, provided that when such data is gathered on a promise to keep its source confidential, the data may be provided in statistical summaries but the sources shall not be revealed.

(d) If an election for certification as the majority representative of the employees in an appropriate employee representation unit has been ordered, the Management representative shall provide, upon request by an employee organization which has qualified to be included on the ballot, a list of the names and departments of employees in the unit. Said list shall be provided not later than 15-days prior to the date of said election.

(e) Reasonable time off without loss of pay shall be granted to employees serving as authorized representatives of recognized employee organizations when formally negotiating during regular working hours. Only those employees whose active participation in the conduct of such negotiations is necessary, shall be authorized paid time off. Paid time off shall be limited to time actually spent in said formal negotiations.

Section 4.614 Construction

(a) Nothing in this Article shall be construed to deny any person the rights granted by Federal and State laws.

(b) The enactment of this Article shall not be construed as making the provisions of Labor Code Section 923 applicable to District employees.

(c) The provisions of this Article are not intended to conflict with the provisions of Article 10, Division 4, Title 1 of the Government Code (commencing with Section 3500) as amended.

(d) If any provision of this Article or the application of such provision to any person or circumstance is held invalid, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected hereby.

(e) The rights, powers, and authority of the Board of Directors in all matters, including the right to maintain any legal action, shall not be modified or restricted by this Article.

Section 4.615 Employee Handbooks and Memoranda of Understanding

If a Management Handbook Employee Manual or Memorandum of Understanding (MOU) is approved by the Board, and if the Management Handbook, Employee Manual or MOU conflicts with provisions of this Article, the Management Handbook, Employee Manual or MOU shall prevail.”

3. Other.

Except as provided herein, Resolution No. 2006-13 (Administrative Code) is hereby reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on _____, 2011.

President

ATTEST:

Secretary

[SEAL]

Scott Heule

From: Christine@Lemieux-Oneill.com
Sent: Wednesday, May 11, 2011 10:43 AM
To: Scott Heule
Subject: general info on transitional MOUs

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When agencies merge or acquire one another, a transitional MOU is often negotiated:

Under the Meyers-Milius-Brown Act, if reducing labor costs is the motivation for consolidating the services of 2 agencies, the decision is subject to negotiation with the affected labor union(s) before making a final decision. After deciding to consolidate, an agency must bargain with represented employees over the impacts. The resolution of this bargaining process is often summarized in a transitional memorandum of understanding. Depending upon the complexity of the merger, the transitional MOU can range from a very short document to a long one. The issues to be negotiated may include:

Employment transition date. A designated date and time when one agency lays off represented employees and the successor agency hires them. The transitional MOU typically specifies that all of the former agency's obligations will end and that employees will no longer have any privileges or rights with the former employer other than those set forth in the transitional MOU.

Salary and rank placement. Employees' salaries and ranks at the original and successor agencies are typically comparable. If the original agency pays higher salaries, reducing wages may provide savings. Another option is to hold wages constant for transitioning employees at the higher level until the successor agency's wage scale increases, a practice called "Y" rating.

Benefits. The transition of pensions, medical benefits and retiree health benefits depend upon the agreements of the parties involved.

Accruals. Vacation and compensatory time-off accruals are employee property and can be paid out immediately, converted to a savings account and/or used to buy accrual banks with the new employer. The conversion of sick leave accruals, if any, will depend upon the policies in place and the agreement of the parties involved.

Bargaining unit. Employees usually transfer to the bargaining unit representing comparable employees at the new agency.

Reinstatement. Employees may be told they will be reinstated with their former employer if the consolidation fails or the contract with the new agency ends without renewal.