

A G E N D A
BIG BEAR MUNICIPAL WATER DISTRICT

BOARD OF DIRECTORS
Regular Meeting
June 6, 2013

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

Next Resolution Number: 2013-07

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 16, 2013
 - B. Warrant List Dated May 31, 2013 for \$75,247.27
 - C. Consider approval of a Special Event permit for USARC (United States Adaptive Recreation Center) Summer Program
 - D. Consider approval of a Resolution of the Board of Directors of Big Bear Municipal Water District supporting the nomination of Director Kathleen Tiegs as the Association of California Water Agencies Vice-President
 - E. Consider approval of a proposal from Eadie & Payne, Certified Public Accountants, for the completion of the annual audit for the year ended June 30, 2013
- 6. BUSINESS**
 - A. Review and discuss proposed FY 2013-14 Budget
- 7. PUBLIC FORUM**

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

9. DIRECTOR COMMENTS

10. ADJOURNMENT

NEXT MEETING: Open Session at 1:00 P.M.
Thursday, June 20, 2013
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

PLEASE 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.

Agenda related writings or documents provided to the Board of Directors are available for public inspection at www.bbmwd.org or in the District office during business hours, 8:00 am – 4:30 pm Monday – Friday.

Big Bear Municipal Water District wishes to make all of its public meetings accessible to the public. If you need special assistance to participate in this meeting, please contact the Board Secretary. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

***MINUTES OF A REGULAR MEETING OF
BIG BEAR MUNICIPAL WATER DISTRICT
HELD ON THURSDAY, MAY 16, 2013***

CALL TO ORDER

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

REPORTS

General Manager, Scott Heule reported that he and Director Suhay attended the ACWA conference in Sacramento last week. He stated that during one of the lunchtime presentations, Governor Brown made a surprise visit. He explained that the Governor was adamant that a fix for the Delta and water supplies is one of his highest priorities and that he is committed to make it happen. Mr. Heule reported that the recently appointed head of the California Department of Fish and Wildlife sat on a panel with the Director of the Department of Water Resources (DWR). He explained that the DWR will be the applicant for the water supply project in the Delta and Fish and Wildlife will be the reviewer and issuer of any permits associated with it. He reported that they also heard from the Senate President Pro-Tem Darrell Steinberg who bragged about the City of Sacramento spending millions of dollars to install water meters saying that in effect they are taking a lead in wise water management. Mr. Heule reported that also during the ACWA Conference they had a chance to talk briefly with Daniel Cozad, the General Manager at the Conservation District, about the fuel spill on highway 38 a couple weeks ago. He explained that Mr. Cozad indicated that because of the location of the spill directly into a flowing creek tributary to the Santa Ana River, fuel was flowing into the Edison's system just a few hours after the event. He added that water agencies scrambled successfully to shut down their Santa Ana River intakes before tainted water got into their treatment plants or distribution systems. He added that the Conservation District is not sure if they were completely able to prevent contaminated water from getting into their recharge basins. He explained that, as a result of this event, an updated contact and call list of water agency personnel on the Santa Ana River was created in order to coordinate rapid response to similar events in the future. Mr. Heule reported that the April 12-month CPI number was published today explaining that it is only 0.9% and will be incorporated into COLA values in Fiscal Year 2013-14 budget that will be reviewed at the next Board meeting. He stated that he had a telephone conference call with Michael Perez at the Santa Ana Regional Water Quality Control Board and two finance people in Sacramento at the State Water Resources Control Board about the Proposition 13 Grant audit. He explained that he provided as much background as he was able to develop to justify the District's invoicing for staff labor. He added that he is not hopeful that the arguments he made will be successful and he expects that the District will have to write a check to the state for the \$47,000. Mr. Heule reported that he, Jim Weber, and Mike Rogers from MWH conducted a site visit to the dam yesterday. He explained that Mr. Rogers concluded that the dam is in good shape and he is satisfied that he can write a letter to the Division of Safety of Dams concluding that the dam will be safe during overtopping flood events without the installation of new radial arm gates. Mr. Rogers also thinks that some of the rock bolting and rock grouting recommended by the engineering geologist might not be necessary. Director Eminger commented that the fuel spill will cost the company responsible a great deal of money. President Smith agreed.

Lake Manager, Mike Stephenson reported that the May Trout Classic is this coming weekend. He explained that trout were tagged yesterday and trout planting will take place today. He added that Fish & Wildlife is also going to be stocking. He reported on blue gill fishing explaining that there have been some very good stringers caught. He commented that blue gill fishing has come full circle. Mr. Stephenson reported that the building for the East Ramp is scheduled to be delivered this week. He explained that the delivery service is having some transportation issues with Caltrans adding that the site is ready for it whenever it arrives. He reported on the upcoming Carp Tournament. He explained that Bass Pro Shop will be a sponsor and that Ton Jones of Spike TV's Auction Hunter is one half of the Bass Pro Shop's sponsored carp hunting team. He added that Cool Cabins is donating lodging for the Bass Pro team. Mr. Stephenson reported on the Quagga Water Summit he attended Tuesday and Wednesday of this week. He explained that he made a presentation on the District's Quagga Prevention Program and served on an invitation-only four person panel. He stated that the question/answer period lasted over four hours adding that he was very flattered by the many questions asked of him regarding our program. He reported that the District received high honors. He commented that some people were upset however because we don't accept other lakes bands. He explained that at this point he showed the slide of an infested boat that was banded by another lake. He commented that they were more accepting of our policy after that. He thanked the Directors for allowing him to go to this Water Summit.

District Counsel Wayne Lemieux updated the Board on the Santa Ana Sucker Fish case commenting that "the beat goes on".

Director Suhay reported briefly on the ACWA Conference commenting that there were more topics of interest to the District than usual.

APPROVAL OF CONSENT CALENDAR

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

- Minutes of a Regular Meeting of May 2, 2013
- Warrant List Dated May 13, 2013 for \$54,984.71

PROJECT UPDATE PRESENTATION

Mr. Heule made a PowerPoint presentation updating the Board on:

1. Rock bolting and rock stability grouting at downstream dam abutments
2. Outlet works flow measurement and monitoring upgrades
3. East Ramp traffic master plan facilities

Director Lewis asked if the new parking program at the East Ramp is being used yet. Mr. Heule explained that it is adding that boaters seem to be pleased with the plan and single car patrons don't seem to be upset by the new policy.

CONSIDER APPROVAL OF A FILM PERMIT/SPECIAL EVENT PERMIT FOR REALITY FISHING SHOW

Mr. Heule stated that an application for filming on the Lake was received late last week. He reported that after review of the permit application it was apparent to District Staff that this would be more than a simple film shoot. He explained that this would be more of a special event where teams of reality show contestants spend parts of two days (May 22nd and 23rd) in boats

racing back and forth between Boulder Bay Marina and seven specially marked buoys on the Lake. He added that the production company informed the District that they will be using two fishing boats and four pontoon boats from the rental fleet at either Big Bear Marina or Pine Knot Landing during the event. He reported that the paperwork submitted with the application indicates that their event staff includes designated safety officers responsible for policing contestant's adherence to boat safety and Lake use rules. Mr. Heule stated that the Committee recommends approval of this Filming Permit/Special Event Permit subject to the following conditions:

- Responsible event production staff must attend a meeting with Lake Patrol prior to any activity on the Lake to receive instruction regarding boating speed regulations.
- Lake Patrol will observe the event as needed to assure adherence to District Lake rules and regulations.
- Lake Patrol must approve the locations of the seven event buoys at the time they are placed in the Lake.
- Lake Patrol hours will be billed in accordance with the District Fee Schedule and on an as needed basis determined by the Lake Operations Supervisor. The expense associated with this oversight will be funded first from the \$500 special event deposit and then billed accordingly if the deposit amount is insufficient.

Director Eminger asked if the speed limit rule will be the same. Mr. Heule stated that we are not changing the rules. Director Suhay added that they will have to realize that there are "no wake" areas. Director Lewis asked if they are going to be providing the buoys and if the buoys are going to be placed near shore or in the middle of the lake away from other boaters. Mr. Heule explained that the event will be providing the buoys and they will be placed outside the 5 mph areas. Director Eminger added that we are not usually busy this time of year, especially mid-week. Director Lewis asked if the filming company has ever produced this type of show on any other lakes. Mr. Heule explained that they may have produced one on Jenks Lake. President Smith asked what the name of the show was. Mr. Stephenson stated that it is being called "Summer Camp".

Director Suhay moved approval of a film/special event permit for Summer Camp Reality Fishing Show. Director Eminger seconded the motion and it was unanimously approved.

PUBLIC FORUM

No comments were made

ANNOUNCEMENTS

Mr. Heule reported that the next Board meeting will be June 6th and will include a review of the proposed Fiscal Year 2013-14 Budget.

DIRECTOR COMMENTS

No comments were made

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:49 P.M.

NEXT MEETING

Open Session at 1:00 P.M.
Thursday, June 6, 2013
Big Bear Municipal Water District
40524 Lakeview Drive, Big Bear Lake, CA

Vicki Sheppard
Secretary to the Board
Big Bear Municipal Water District

(SEAL)

9:56 AM

05/31/13

Big Bear MWD
Warrant List Detail
 May 11 - 30, 2013

Num	Date	Name	Account	Paid Amount
151372	5/17/2013	BEAR MOUNTAIN COLLISION	1001-01 · General Checking Account	
JOB 7356	5/17/2013		5600-34 · MAINT-Vehicle Maint-Deductable	-731.49
TOTAL				-731.49
151373	5/20/2013	BEAR MOUNTAIN COLLISION	1001-01 · General Checking Account	
c019e8ad	5/20/2013		5600-34 · MAINT-Vehicle Maint-Deductable	-989.05
TOTAL				-989.05
151374	5/24/2013	HAGLUND RICHARD	1001-01 · General Checking Account	
200	5/24/2013		4600-02 · REV OPS - Dock Permits	-225.00
			4600-02 · REV OPS - Dock Permits	-45.00
			4990-01 · REV OPS-Invasive Species Mgmt	-160.00
TOTAL				-430.00
151375	5/24/2013	BANK SUPPLIES	1001-01 · General Checking Account	
1312106000	5/2/2013		5503-02 · ADMIN-Office Supplies-Ramps	-215.90
			5503-02 · ADMIN-Office Supplies-Ramps	-215.89
TOTAL				-431.79
151376	5/24/2013	BEAR VALLEY ELECTRIC	1001-01 · General Checking Account	
05072013A	5/7/2013		5507-41 · OPS-Utilities-Main Office	-77.86
05072013B	5/7/2013		5507-42 · OPS-Utilities-RV Park	-24.22
05072013C	5/7/2013		5507-41 · OPS-Utilities-Main Office	-2,156.96
05092013	5/9/2013		5507-44 · OPS-Utilities-Trout Pond	-25.50
TOTAL				-2,284.54
151377	5/24/2013	BEAR VALLEY PRINTING	1001-01 · General Checking Account	
83588	5/14/2013		5502-01 · ADMIN-Printing	-46.39
83622	5/21/2013		5510-40 · OPS-Public Info/Printing	-182.34
			5510-44 · OPS-Quagga Mussel Printing	-182.35
TOTAL				-411.08
151378	5/24/2013	BIG BEAR MARINA (VENDOR)	1001-01 · General Checking Account	
4	5/14/2013		5590-41 · OPS-Petroleum-VESSELS	-559.13
TOTAL				-559.13
151379	5/24/2013	BIG BEAR PRODUCTIONS	1001-01 · General Checking Account	
05242013	5/24/2013		5510-09 · ADMIN-Public Info - General	-104.40
TOTAL				-104.40

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Big Bear MWD
Warrant List Detail
 May 11 - 30, 2013

Num	Date	Name	Account	Paid Amount
151380	5/24/2013	BUTCHER'S BLOCK AND BUIL...	1001-01 · General Checking Account	
205811	5/9/2013		5580-41 · OPS-Boat Maintenance-Patrol	-15.10
206302	5/10/2013		5630-31 · MAINT-Bldg/Facil Maint/Rep-Shop	-4.67
206737	5/13/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-7.54
206687	5/13/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-46.98
206833	5/13/2013		5504-41 · OPS-Janitorial Supplies-Ramps	-22.29
207987	5/17/2013		5630-10 · ADMIN-Bldg/Facility Maint/Rep	-10.09
208718	5/20/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-125.34
TOTAL				-232.01
151381	5/24/2013	CASH PETTY CASH	1001-01 · General Checking Account	
05242013	5/24/2013		5541-42 · OPS-Uniform/Sm Equip Seas Empl	-24.72
			5510-05 · ADMIN-Public Info-Other Agency	-73.80
			5570-01 · ADMIN-Training/Seminars-GM	-45.00
TOTAL				-143.52
151382	5/24/2013	CHARTER COMMUNICATIONS	1001-01 · General Checking Account	
05162013	5/16/2013		5505-08 · ADMIN- Phone Office DSL	-274.99
TOTAL				-274.99
151383	5/24/2013	CHEM-PAK	1001-01 · General Checking Account	
81797	5/14/2013		5504-41 · OPS-Janitorial Supplies-Ramps	-297.21
81818	5/15/2013		5504-30 · MAINT-Janitorial Supplies	-423.85
			5504-40 · OPS-Janitorial Supplies-Oper	-423.85
			5504-41 · OPS-Janitorial Supplies-Ramps	-211.91
TOTAL				-1,356.82
151384	5/24/2013	COMPUTER VILLAGE	1001-01 · General Checking Account	
128105	4/23/2013		5503-01 · ADMIN-Office Supplies-Office	-645.84
128109	4/24/2013		5530-02 · ADMIN-Prof&Spec-ComputerConsult	-206.92
128356	5/20/2013		5530-02 · ADMIN-Prof&Spec-ComputerConsult	-250.00
TOTAL				-1,102.76
151385	5/24/2013	CONNELLY PUMPING SERVICE	1001-01 · General Checking Account	
13524	5/18/2013		5632-03 · MAINT-Portables Pumping/ Rent	-510.18
13539	5/18/2013		5632-03 · MAINT-Portables Pumping/ Rent	-440.00
13541	5/18/2013		5632-03 · MAINT-Portables Pumping/ Rent	-640.13
13542	5/18/2013		5632-03 · MAINT-Portables Pumping/ Rent	-640.13
TOTAL				-2,230.44
151386	5/24/2013	CSB SOLID WASTE MANAGEM...	1001-01 · General Checking Account	
019545	5/14/2013		5630-30 · MAINT-Bldg/Facility Maint/Rep	-510.73
TOTAL				-510.73
151387	5/24/2013	DISH NETWORK	1001-01 · General Checking Account	
05042013	5/4/2013		5507-41 · OPS-Utilities-Main Office	-70.00
TOTAL				-70.00

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Big Bear MWD
Warrant List Detail
 May 11 - 30, 2013

Num	Date	Name	Account	Paid Amount
151388	5/24/2013	DIY HOME CENTER	1001-01 · General Checking Account	
7110	5/15/2013		6000-02 · Lake Impr Fund- East Ramp Quagg	-16.51
TOTAL				-16.51
151389	5/24/2013	DWP	1001-01 · General Checking Account	
05212013	5/21/2013		5507-44 · OPS-Utilities-Trout Pond	-81.32
TOTAL				-81.32
151390	5/24/2013	HAVASU EMBROIDERY INC	1001-01 · General Checking Account	
16709	5/20/2013		5670-05 · WATER-Carp Roundup Expense	-2,011.50
TOTAL				-2,011.50
151391	5/24/2013	INFINITY TRUST	1001-01 · General Checking Account	
41922	5/17/2013		5509-03 · ADMIN-Memberships-Subscriptions 2100-09 · PR VSP Vision	-10.00 -118.88
TOTAL				-128.88
151392	5/24/2013	LINCOLN NATIONAL	1001-01 · General Checking Account	
05232013	5/23/2013		2101-01 · Deferred Compensation	-1,345.00
TOTAL				-1,345.00
151393	5/24/2013	MCMASTER-CARR	1001-01 · General Checking Account	
51324538	5/6/2013		5580-42 · OPS-Boat Maintenance-Work	-198.51
51911226	5/15/2013		5630-10 · ADMIN-Bldg/Facility Maint/Rep	-67.64
52079712	5/17/2013		5630-10 · ADMIN-Bldg/Facility Maint/Rep	-144.11
TOTAL				-410.26
151394	5/24/2013	MID AMERICA APPLE PLAN	1001-01 · General Checking Account	
05232013	5/23/2013		2100-20 · Apple Plan - Employee Pay 2100-21 · Apple Plan - Company Pay	-531.34 -531.33
TOTAL				-1,062.67
151395	5/24/2013	MWH	1001-01 · General Checking Account	
1524107	5/22/2013		6100-06 · Dam Repair-Gen Engineering	-3,215.28
TOTAL				-3,215.28
151396	5/24/2013	PITNEY BOWES RENTAL	1001-01 · General Checking Account	
1098706-MY...	5/13/2013		5501-01 · ADMIN-Post&Ship OFFICE	-329.94
TOTAL				-329.94
151397	5/24/2013	RADIOSHACK CORPORATION	1001-01 · General Checking Account	
025912	4/10/2013		5620-10 · ADMIN-Equip Maintenance	-32.39
TOTAL				-32.39

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Big Bear MWD
Warrant List Detail
 May 11 - 30, 2013

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
151398	5/24/2013	SOUTHWEST GAS CORPORAT...	1001-01 · General Checking Account	
05162013A	5/16/2013		5507-41 · OPS-Utilities-Main Office	-104.35
05162013B	5/16/2013		5507-42 · OPS-Utilities-RV Park	-28.72
05172013	5/17/2013		5507-44 · OPS-Utilities-Trout Pond	-10.03
TOTAL				-143.10
151399	5/24/2013	TIFCO INDUSTRIES	1001-01 · General Checking Account	
70855616	5/6/2013		5630-31 · MAINT-Bldg/Facil Maint/Rep-Shop	-467.01
TOTAL				-467.01
151400	5/24/2013	TOPPER INDUSTRIES	1001-01 · General Checking Account	
9234	5/3/2013		5632-03 · MAINT-Portables Pumping/ Rent	-27.68
TOTAL				-27.68
151401	5/24/2013	TWIN BEAR	1001-01 · General Checking Account	
99317	5/3/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-464.50
99355	5/6/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-74.58
99351	5/6/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-161.19
99356	5/6/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-228.29
99360	5/7/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-127.09
TOTAL				-1,055.65
151402	5/24/2013	UPS	1001-01 · General Checking Account	
F33Y11203	5/18/2013		5501-01 · ADMIN-Post&Ship OFFICE	-21.80
TOTAL				-21.80
151403	5/24/2013	VALERO	1001-01 · General Checking Account	
05212013	5/21/2013		5590-42 · OPS-Petroleum-VEHICLES	-1,103.59
TOTAL				-1,103.59
151404	5/24/2013	VERIZON CALIFORNIA	1001-01 · General Checking Account	
05012013-A	5/1/2013		5505-02 · ADMIN-Phones Ramps Local Svc	-49.72
05012013-B	5/1/2013		5503-02 · ADMIN-Office Supplies-Ramps	-53.95
05132013	5/13/2013		5505-01 · ADMIN-Phones Local/Hardware/Rep	-52.61
TOTAL				-156.28
151405	5/24/2013	VERIZON WIRELESS	1001-01 · General Checking Account	
9704300789	5/3/2013		5505-06 · ADMIN-Phone Cell Phones	-114.03
			5505-11 · ADMIN-Phones Ramp Aircards	-38.01
			5505-11 · ADMIN-Phones Ramp Aircards	-38.01
9704613027	5/9/2013		5505-06 · ADMIN-Phone Cell Phones	-193.89
TOTAL				-383.94
151406	5/24/2013	WILLIAMS ADAM (TRAINING)	1001-01 · General Checking Account	
4/24/13	5/24/2013		5570-03 · ADMIN-Training/Seminars-Empl	-109.73
TOTAL				-109.73

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Big Bear MWD
Warrant List Detail
 May 11 - 30, 2013

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
151407	5/24/2013	CYGNET	1001-01 · General Checking Account	
6254	5/1/2013		5660-00 · MAINT-Aquatic Plant Control	-30,349.94
6276	5/24/2013		5660-00 · MAINT-Aquatic Plant Control	-18,057.60
TOTAL				-48,407.54
151408	5/24/2013	ROMANS CONSTRUCTION	1001-01 · General Checking Account	
4933	5/10/2013		5630-42 · OPS-Bldg/Fac Mtn/Rep-EAST RAMP	-1,530.00
TOTAL				-1,530.00
151409	5/24/2013	VOLVO PENTA OF THE AMERI...	1001-01 · General Checking Account	
245437	5/17/2013		5580-42 · OPS-Boat Maintenance-Work	-279.56
245940	5/20/2013		5580-42 · OPS-Boat Maintenance-Work	-278.00
TOTAL				-557.56
151410	5/29/2013	BEAR MOUNTAIN COLLISION	1001-01 · General Checking Account	
83FBB6DD	5/29/2013		5600-34 · MAINT-Vehicle Maint-Deductable	-786.89
TOTAL				-786.89

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

MEETING DATE: June 6, 2013

AGENDA ITEM: 5C

SUBJECT:

CONSIDER APPROVAL OF A SPECIAL EVENT PERMIT FOR USARC (UNITED STATES ADAPTIVE RECREATION CENTER) SUMMER PROGRAM TO BE HEADQUARTERED AT B'S BACKYARD BBQ ON VARIOUS WEEKDAY DATES THROUGHOUT THE SUMMER MONTHS

RECOMMENDATION:

The General Manager and the Operations Committee (Directors Suhay and alternate Eminger) recommend approval of this event.

DISCUSSION/FINDINGS:

The USARC Summer Program (United States Adaptive Recreation Center) involves adaptive water skiing, jet skiing, fishing, kayaking and sailing. Their staff members are CPR, First Aid, and Lifeguard certified. This event will again take place from the docks at B's Backyard Barbeque. The event will run weekdays only during July and August. Staff training will take place on Saturday, June 22nd. The Committee recommends approval of this event.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager



Big Bear Municipal Water District

Lake Management

Board of Directors
Todd Murphy – Division 1
Mary Ann Lewis – Division 2
Skip Suhay – Division 3
John Eminger – Division 4
Vince Smith – Division 5

SPECIAL EVENT PERMIT FOR BIG BEAR LAKE

As of Big Bear Municipal Water District (hereinafter "District") grants a Special Event Permit to **USARC Adaptive Water Sports Summer Program** as follows:

Section 1. Event Described

Permittee may conduct only the event described on Exhibit "A", attached hereto and hereby incorporated by this reference. Permittee shall comply with laws, rules and regulations applicable to the event.

Section 2. Fees and Deposits

Within 30 days before the event the Permittee shall pay the District an administrative fee described in Exhibit "B" and the Permittee shall deposit \$500.00 with the District to cover the cost of clean-up and other added expenses incurred by the District if Permittee fails to comply with this Permit. Any part of the deposit, if any, not used by the District shall be refunded to the Permittee within 30 days after the event. The attached Fee Schedule (Exhibit "B") details additional rates for specific events and special services.

Section 3. Indemnification

A. Permittee shall indemnify and hold harmless and defend District, its officers, agents, employees and volunteers from and against: cost, liability and damages, including attorney's fees and litigation costs, arising out of any act or omission to, including any negligent act, or omission to act, by Permittee, its officers, agents, employees or volunteers arising out of activities permitted herein.

B. Permittee shall reimburse District and its directors, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided.

Section 4. Insurance

A. Permittee shall cause the District, its officers, agents and employees to be named as an additional or co-insurance under policies of commercial general liability insurance as broad as the following:

1. General Liability - one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2501 or insurer's equivalent endorsement provided to the District) or the general aggregate limit shall be twice the required occurrence limit.

2. The coverage shall contain no special limitations on the scope of protection afforded to the District, its officers, employees, agents and volunteers.
 3. The permittee's insurance shall be primary insurance as respects the District, its officers, employees, agents and volunteers. Any insurance, pooled coverage or self-insurance maintained by the District, its officers, employees, agents and volunteers shall not contribute to it.
 4. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage.
 5. The permittee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 6. Such liability insurance shall indemnify the permittee against loss from liability imposed by law upon, or assumed under contract by, the permittee for damages on account of such bodily injury (including death), property damage, personal injury and completed operations and products liability.
 7. Such insurance shall be provided on a policy form written by underwriters through an agency satisfactory to the District which includes a cross-liability clause, and covers bodily injury and property damage liability, blanket contractual liability and completed operations liability.
 8. Any deductible or self-insured retention must be declared to and approved by the District. At the option of the District, either the insurer shall reduce or eliminate such deductibles or self-insured retentions.
 9. The insurer shall have a current A.M. Best's rating of no less than A-:VII or equivalent.
- B. If applicable, the permittee shall cover or insure under the applicable laws relating to:
1. Workers' compensation insurance, all of their employees working on or about the event, regardless of whether such coverage or insurance is mandatory or merely elective under the law, and the permittee shall defend, protect and save harmless the District, its officers, employees, agents and volunteers from and against all claims, suits, and actions arising from any failure of the permittee to maintain such insurance. Before beginning work, permittee shall furnish to the District satisfactory proof that he has taken out for the period covered by the event, full compensation insurance for all persons employed directly by him in the event contemplated under this contract, has been obtained in accordance with the "Workers' Compensation and Insurance Act".
 2. The permittee shall provide employer's liability insurance in the amount of, at least, \$1,000,000 per accident for bodily injury and disease.
- C. Prior to execution of the contract, the permittee shall file with the District evidence of insurance from an insurer or insurers certifying to the coverage of insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (endorsement form or insurer's equivalent) signed by the insurer's representative and certificate of insurance (Accord Form 25-S or equivalent). If such proof is not received 30 days prior to the event, the event may be canceled by the District's General Manager. All evidence of insurance shall be certified by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insurers, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, the expiration date. The insurer will give by certified mail, written notice to the District at least thirty (30) days prior to the effective date of any cancellation, lapse or material change in the policy.

Section 5. Safety Regulations

The Permittee shall conduct the event with due care for the safety and welfare of participants and spectators, and in compliance with all laws, rules and regulations of federal, state, county or local agencies asserting jurisdiction. The Permittee shall attend two meetings with District representatives prior to the event described as follows:

A. Permit compliance meeting: Permittee shall demonstrate that all permit conditions have been met.

B. Skipper's and/or Safety meeting: Event organizers and participants shall meet with District representatives to have any questions answered and to receive an update of current Lake conditions which may affect event activities.

Section 6. Conditions

The Permittee shall comply with the conditions set forth on Exhibit C attached hereto and hereby incorporated by this reference.

Accepted by:

5/14/13
Date

Sara Ricketts
Permittee

Date

General Manager

EXHIBIT A

DESCRIPTION OF EVENT

1. Name of Event: United States Adaptive Recreation Center
2. Location: B's Backyard BBQ
3. Date(s): June 22-training / July 10, 11, 17, 18, 24, 25, 31, Aug 1, 14, 15, 19, 20, 22, 23
28 + 29
4. Describe Event: Adaptive water sports.
5. Estimated Number of Participants: 10 per day
6. Estimated Number of Spectators: 10
7. Method of Limiting Attendance: reservations only
8. Method of Trash Collection and Disposal: trash can we dispose of
9. Proposed First-Aid Services: All staff are lifeguard / CPR / 1st Aid Certified.
10. Proposed Security Services: N/A
11. Proposed Fire Protection Services: Fire Extinguishers.
12. Proposed Sanitation Facilities: Accessible Porta-Potty
13. Parking Arrangements: B's BBQ
14. Name, Address and Telephone Number of Person Available Before and During Event
with authority to Control Event: Sara Richter, PO Box 2897 BBL CA 92315
714-305-9430 cell 909-584-0269 office
15. Perimeter control, if applicable: N/A.

For District use only:

(601) Deposit \$ _____

Date _____ Ck # _____

(511) Fee \$ _____

Date _____ Ck # _____

EXHIBIT B

FEE SCHEDULE

1. APPROVED SPECIAL EVENTS (except filming/photos):

Administrative fee:	\$100
Refundable deposit:	\$500
Lake usage fee: Non-commercial	-0-
Commercial	\$200/event or 5% of gross (whichever is greater)
Fishing events:	\$15 per angler or \$500 (whichever is greater)
*Services requiring Lake Patrol or work boat services (one hour minimum):	
Boat with operator	\$115/hour
Each additional staff person	\$ 30/hour
Other services:	actual cost

*These fees will be deducted from the deposit where it is determined that additional Lake Patrol, weed harvesting or similar services will be necessary in the interest of health and safety.

2. GROUP SPECIAL EVENT PERMITS

A discounted boat permit fee for approved special events will be available at prevailing fees for the term of the event to those entrants not already having a boat permit. Any entrant participating for less than the full term of the event shall pay the normal daily permit fees. A minimum number of twenty-five special event boat permits shall be issued for the approved event to qualify for this special group rate. A group special event permit shall not be issued for major holidays or holiday weekends. Permittee shall be responsible for the sale of the special event boat permits. Proper remittance from the sale of these permits must be delivered to the District within three (3) days of the conclusion of the special event. Permittee shall be responsible for all permits including any missing permits. All other special event permit processing fees shall apply. Participants may upgrade the special event discounted boat permit to an annual boat permit by paying the difference between the special event permit fee and the annual permit fee. Upgrades to annual permits shall be handled at the District Administration office only.

**EXHIBIT C
USARC SPECIAL CONDITIONS 2013**

1. Sessions will be held on weekdays only as listed in Exhibit A

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

MEETING DATE: *June 6, 2013*

AGENDA ITEM: *5D*

SUBJECT:

CONSIDER APPROVAL OF A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT SUPPORTING THE NOMINATION OF DIRECTOR KATHLEEN TIEGS AS THE ASSOCIATION OF CALIFORNIA WATER AGENCIES VICE-PRESIDENT

RECOMMENDATION:

The General Manager and the Administrative Committee (Directors Smith and alternate Suhay) recommend approval of this resolution.

DISCUSSION/FINDINGS:

Elections for ACWA officers occur every two years. Typically a candidate elected to the Vice Presidency is anticipated to rise to the organizations Presidency after serving their two year term. Kathleen Tiegs is a Board member at the Rancho Cucamonga Water District and is running for ACWA Vice-President for the 2014-2015 term. The attached resolution describes her experience and qualifications. In order for her to qualify for the nomination she must have resolutions of support from other ACWA member agencies. The Administrative Committee recommends that the Board approve the attached resolution of support for Kathleen Tiegs.

OTHER AGENCY INVOLVEMENT: None

FINANCING: None

Submitted by: Scott Heule, General Manager

RESOLUTION NO. 2013-07

**A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR
MUNICIPAL WATER DISTRICT SUPPORTING THE NOMINATION OF
DIRECTOR KATHLEEN TIEGS AS THE ASSOCIATION OF CALIFORNIA
WATER AGENCIES VICE-PRESIDENT**

WHEREAS, Big Bear Municipal Water District Board of Directors are active participants in the Association of California Water Agencies (ACWA), and

WHEREAS Director Kathleen Tiegs has expressed her interest in serving as the ACWA Vice-President for the 2014-2015 term, and

WHEREAS, Director Kathleen Tiegs has served in a variety of leadership positions in ACWA, including the Local Government Committee, the Groundwater Committee, Vice-Chair of the Federal Affairs Committee, Region 9 Board of Directors, and as a member of ACWA/JPIA.

WHEREAS, Director Kathleen Tiegs is committed to advancing ACWA's Policy Principles and finding common ties between members to develop a long-term strategy that provides a sustainable water future for all members and their constituents.

NOW, THEREFORE, BE IT RESOLVED that the Big Bear Municipal Water District Board of Directors does hereby place its full and unreserved support of the nomination of Director Kathleen Tiegs as Vice-President of the Association of California Water Agencies for the 2014-2015 term.

ADOPTED this 6th day of June, 2013

Vince Smith, President

Vicki Sheppard, Secretary to the Board

(SEAL)

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

MEETING DATE: June 6, 2013

AGENDA ITEM: 5E

SUBJECT:

CONSIDER APPROVAL OF A PROPOSAL FROM EADIE AND PAYNE, CERTIFIED PUBLIC ACCOUNTANTS, FOR THE COMPLETION OF THE ANNUAL AUDIT FOR THE YEAR ENDED JUNE 30, 2013

RECOMMENDATION:

The General Manager and the Administrative Committee (Directors Smith and alternate Suhay) recommend approval of this proposal from Eadie and Payne, Certified Public Accountants.

DISCUSSION/FINDINGS:

Eadie and Payne CPA's has been providing the District annual audit services for several years. Last year after a request from the Budget and Finance Committee they provided an audit proposal on a cost not to exceed basis in order to eliminate any audit cost surprises after the work was completed. This year they have submitted a similar proposal format at a not to exceed cost of \$22,000. Their proposal for the Fiscal Year 2012-13 audit is recommended for approval by the Budget and Finance Committee.

OTHER AGENCY INVOLVEMENT: None

FINANCING: This not to exceed cost of \$22,000 includes the audit and preparing the annual State Controller's Report and has been included in the FY 2013-14 budget. The cost for the audit will be paid out of the general fund, Administration-Professional Services portion of the budget.

Submitted by: Scott Heule, General Manager



**CERTIFIED
PUBLIC
ACCOUNTANTS
& BUSINESS
ADVISORS**

May 13, 2013

Board of Directors
Big Bear Municipal Water District
P.O. Box 2863
Big Bear Lake, CA 92315-2863

Dear Members of the Board:

We are pleased to confirm our understanding of the services you have asked our firm to provide for Big Bear Municipal Water District (District) for the year ended June 30, 2013. Please read this letter carefully because it is important to both our firm and you that you understand and accept the terms under which we have agreed to perform our services as well as management's responsibilities under this agreement.

We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of the District as of and for year ended June 30, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis
2. Budgetary Comparison Information
3. CalPERS Schedule of Funding Program

Redlands Office
Ontario Office

1839 W. Redlands Blvd., Redlands, CA 92373
4200 Concourse, Suite 360, Ontario, CA 91764

T. (909) 793-2406
T. (909) 466-5252

F. (909) 792-3516
F. (909) 466-5250

www.eadiepaynellp.com

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Organization Data
2. Certificate of Participation – 2003 Issue Payment Schedule

As part of our engagement, we will also prepare the Annual Report of financial Transactions of Special Districts for the year ending June 30, 2013.

Audit Objective

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such opinions. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Big Bear Municipal Water District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Tax Services

We will prepare federal Form 990 and California form 199 for Big Bear Municipal Water District Public Facilities Corporation (Corporation) for the year ended June 30, 2013. For an additional fee, we will also advise you on income tax matters for which you specifically request our advice.

The Corporation's returns may be filed electronically with the Internal Revenue Service and applicable states. If the returns are to be filed electronically, we will provide you with a paper copy of the income tax returns for your review prior to electronic transmission. After you have reviewed the returns, you must provide us with a signed authorization indicating that you have reviewed the returns and that, to the best of your knowledge, you feel they are correct. We cannot transmit the returns to the taxing authorities until we have the signed authorization.

Finally, please note that although our firm will use our best efforts to ensure that your returns are successfully transmitted to the appropriate taxing authorities, we will not be financially responsible for electronic transmission or other errors arising after your return has been successfully submitted from our office.

We are responsible for preparing only the returns listed above. All others are to be prepared by you or other preparers.

We will use our professional judgment in preparing your returns. Whenever we are aware that a possible applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions that may be taken on your return. We will adopt whatever position you request on your return, so long as it is consistent with the codes and regulations and interpretations that have been promulgated. When possible, we will resolve questions involving application of tax rules in your favor, if there is reasonable justification for doing so. If the Internal Revenue Service or other taxing agency should later contest the position taken, there may be assessment of additional tax plus interest and penalties. We assume no liability for such additional penalties, interest, or assessments. Additional services will be subject to arrangements made in writing at the time requested.

It is your responsibility to provide us with all information required for preparing complete and accurate returns. You should retain all the documents, canceled checks, and other data that form the basis of income and deductions. These may be necessary to prove the accuracy and completeness of the returns to a taxing authority.

By your signature below, you are confirming to us that unless we are otherwise advised, the travel and entertainment, gift, and related expenses are supported by the necessary records under Section 274 of the Internal Revenue Code. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing and mailing them to the taxing authorities. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties, and interest.

The law provides for a penalty to be imposed where taxpayers make a substantial understatement for the year that exceeds the greater of ten percent of the tax required to be shown on the return, or \$10,000. Taxpayers may seek to avoid all or part of the penalty by showing (1) that they acted in good faith and there was reasonable cause for the understatement, (2) that the understatement was based on substantial authority, or (3) that the relevant facts affecting the item's tax treatment were adequately disclosed on the return. You agree to advise us if you wish disclosure to be made in your returns if you desire us to identify or perform further research with respect to any material tax issues for the purpose of ascertaining whether, in our opinion, there is "substantial authority" for the position proposed to be taken on such issues in your returns.

Our fee does not include responding to inquiries or examinations by taxing authorities. However, we are available upon request to represent you and will render additional invoices for the time and expenses incurred. Fees for these additional services will be communicated in a separate engagement letter.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We expect to begin our audit in October 2013 and to issue our reports no later than December 31, 2013. Eden Casareno is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will not exceed \$22,000. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We generally base our fees on the amount of time required at standard billing rates plus out-of-pocket expenses, such as travel, postage, and computer charges. However, our fees may also include other appropriate factors, including the difficulty of the assignment, the degree of risk and responsibility the work entails, time limitations imposed on us by others, the experience and professional expertise of the personnel assigned, and the priority and importance of the work to the client. If the state of California or other governmental entity imposes a tax on accounting services, this tax will be in addition to our regular fee. You will be responsible for any such tax. Payments for services are due when rendered, and interim billings may be submitted as work progresses and expenses are incurred. A late charge of one percent per month will be assessed on all balances remaining unpaid after thirty days.

Billings become delinquent if not paid within 30 days of the invoice date. If billings are not paid within 45 days of the invoice date, at our election, we will stop all work until your account is brought current, or we will withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

If a dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

Client and accountant both agree that any dispute over fees charged by the accountant to the client will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by the accountant, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

It is our policy to keep records related to this engagement for seven years. However, Eadie and Payne, LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the seven-year period, Eadie and Payne, LLP shall be free to destroy our records related to this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. By signing this letter you agree that you will not extend an offer of employment to any of our employees during the term of this engagement, as such offer could impair our independence. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

EADIE AND PAYNE, LLP



Eden Casareno

This letter correctly sets forth the understanding of
BIG BEAR MUNICIPAL WATER DISTRICT

Officer signature: _____

Title: _____

Date: _____