

**MINUTES OF A SPECIAL BOARD MEETING**  
**CITY OF BIG BEAR LAKE,**  
**DEPARTMENT OF WATER AND POWER**  
**BOARD OF WATER AND POWER COMMISSIONERS**  
**December 7, 2022**

**OPEN SESSION**

A special Meeting of the City of Big Bear Lake, Department of Water and Power (DWP) Board of Commissioners was called to order at 10:00 a.m. on December 7, 2022, by Chair Bob Tarras.

**BOARD MEMBERS PRESENT**

Bob Tarras, Chair  
Barbara Willey, Vice-Chair  
Craig Hjorth, Treasurer  
Joe Cylwik, Commissioner  
Jim Smith, Commissioner

**PLEDGE OF ALLEGIANCE**

Bob Tarras, Chair

**1. DISCUSSION ITEMS**

**1.1 Report on possible DWP Line of Credit for the Replenish Big Bear**

Chair Tarras inquired if the Big Bear Area Regional Wastewater Agency (BBARWA) is likely to get the grants mentioned. David Lawrence, General Manager for BBARWA, responded that the grants have been approved and they only need to finalize the documentation. Vice-Chair Willey stated that she supports the Replenish Big Bear Project and asked if the proposed interest rate is variable or fixed. Reggie responded that the proposed interest rate is fixed at 2.9%. Vice-Chair Willey stated that it appears reasonable, and she would prefer other local water agencies to participate in the line of credit to BBARWA. Vice-Chair further stated that she recalled when there was an ownership issue regarding the water transferred to Lucerne Valley and that she knows work was performed to ensure ownership.

Commissioner Smith asked if the proposal is for a lump sum or line of credit. Reggie responded that we are proposing a line of credit. Commissioner Smith inquired if the line of credit will jeopardize DWP's reserves. Chair Tarras responded that it will reduce the reserves. Commissioner Smith asked if there will be enough cushion in the reserves for change orders. Reggie responded yes; a cash flow analysis was prepared to determine impact. Chair Tarras stated the 2.9% proposed interest rate is below what our returns could be and BBARWA does not have an investment rating. David responded that BBARWA has an investment rating of A. Commissioner Smith stated his understanding that this proposal is for convenience and not an absolute need. Chair Tarras responded yes and the DWP bears the burden on loss interest.

Treasurer Hjorth inquired into the different loans and interest rates. Reggie responded that the DWP proposed line of credit is at 2.9% and Treasury Bills are currently at 4.5% interest, so the difference is approximately \$50,000 annually with the highest potential loss of \$150,000 over three years. Commissioner Cylwik commended Reggie for bringing this creative option to the attention of the Board and commended David for guaranteeing the loan. Commissioner Cylwik stated he believes other partners in the Valley would eventually agree to participate in the funding. Treasurer Hjorth stated that we are in the Replenish Big Bear Project together and he sees this as a good opportunity.

Chair Tarras stated the DWP has a fiduciary responsibility to the rate payers to invest excess funds appropriately. David responded BBARWA has existing loans and covenants for debt service just like the DWP and if BBARWA was to default on the line of credit it would affect all loans. David added that a default is not going to happen and BBARWA has six million in reserves. Commissioner Cylwik asked Reggie to reiterate staff's recommendation to the Board. Commissioner Smith asked when the Board will discuss investment options. Reggie responded that investment options will be presented to the Board at the December Regular Board Meeting on December 20, 2022. Reggie reiterated the staff's recommendation that in light of new information, it is to not move forward with the line of credit for the Replenish Big Bear Project.

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*Motion made by Treasurer Hjorth, seconded by Commissioner Cylwik, and carried 5-0 to not move forward with a line of credit for the Replenish Big Bear Project.*

*AYES: Cylwik, Hjorth, Smith, Tarras, Willey*

*NOES: -*

*ABSTAIN: -*

**ADJOURNMENT**

No additional business came before the Board. At 10:36 a.m., Chair Tarras adjourned the meeting.



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Leeanne Eagleson, Management Analyst/Board Secretary

*The City of Big Bear Lake, Department of Water and Power strives to make all of its public meetings accessible to everyone. If you need any special assistance or disability-related accommodation in order to participate in this meeting, please contact the Board Secretary at (909) 866-5050. Notification 48 hours prior to the meeting will enable the DWP to make reasonable arrangements to ensure accessibility to this meeting.*

*We are an equal opportunity provider and employer.*