

Addendum #1  
City of Big Bear Lake Department of Water  
Responses to Questions – Arbitrage Rebate Calculation RFP 2019

- - How are the bond proceeds currently invested?  
Bond proceeds were expended to refund prior Water Revenue Bonds used to purchase the water system and for capital infrastructure projects. The associated reserve accounts are invested in the Local Agency Investment Fund (LAIF) currently earning 2.4% with marginal balances invested in a Blackrock Fund earning 2.27%.
- - Are the funds held by a trustee or the City? If a trustee, who is the City's Trustee?  
In trust accounts with Union Bank we hold the maximum annual debt service for each issuance in separate reserve accounts.
- - Could you please provide a list of bond issues subject to arbitrage rebate with delivery and last computation dates for each bond issue?  
There haven't been any calculations for 10 years because we were only earning 0.01% for many years after the market crash. Details related to outstanding issuances are included in the RFP.
- - Who is the City's current Arbitrage Rebate Calculation Service provider?  
No current consultant.
- - What are the current consultant's fees for a calculation?  
No current consultant.
- Has the DWP gone out to RFP for these services for reasons other than a periodic requirement?  
No. Recently investment returns from LAIF increased to 2.4% which exceeds the 2.375% for the USDA 2010 Bonds.
- Who is your current provider for arbitrage rebate calculations?  
Earnings were far below interest rates on Bonds so no calculations were being done.
- What are the current Consultant's fees for an annual calculation ?  
No current consultant.
- Because an arbitrage rebate liability computation must cover the time period from the bond issue date to the calculation date, can the prior reports prepared by your current consultant be relied upon as a starting point for future computations?  
There haven't been any calculations for 10 years because we were only earning 0.01% for many years after the market crash. Details related to outstanding issuances are included in the RFP.
- Are bond proceeds deposited with a Trustee or managed by the DWP?  
Bond proceeds were expended to refund prior Water Revenue Bonds use to purchase the water system and for capital infrastructure projects.  
  
In Trust we hold the maximum annual debt service for each issuance in separate reserve accounts.
- Has the DWP ever had a bond audited by the IRS?  
No