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**AGREEMENT
BETWEEN
BIG BEAR MUNICIPAL WATER DISTRICT
AND
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

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This Agreement is entered into between Big Bear Municipal Water District (hereinafter "BIG BEAR") and San Bernardino Valley Municipal Water District (hereinafter "VALLEY MUNICIPAL").

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RECITALS

A. BIG BEAR is obligated to release water from Big Bear Lake (hereinafter "Lake") to Bear Valley Mutual Water Company (hereinafter "BEAR VALLEY"), or to provide other water in lieu of releases from the Lake. This obligation arises from the judgment in *Big Bear Municipal Water District v. North Fork Water Co. et al.*, Case 165493, Superior Court, County of San Bernardino (hereinafter "1977 Judgment"). The 1977 Judgment also created the Big Bear Watermaster. Under the 1977 Judgment, BEAR VALLEY may call on BIG BEAR to deliver up to 65,000 acre-feet of water from the Lake in any ten-year period if BEAR VALLEY has water in BEAR VALLEY's Lake Account, as determined by the Big Bear Watermaster.

B. BIG BEAR wishes to obtain a long-term supply of in-lieu water to satisfy part of the obligation to deliver water to BEAR VALLEY. VALLEY MUNICIPAL has a long-term water supply contract with the California Department of Water Resources and access to other sources, and wishes to provide in-lieu water to BIG BEAR.

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SBVMWD LEGAL
DOCUMENT 1645

1 C. If BIG BEAR's Lake Release Policy first adopted
2 May 1, 1987 (hereinafter "Lake Release Policy") had been in effect
3 under the 1977 Judgment, BIG BEAR would have released 2,000 acre-
4 feet of water per year, on average, from the Lake to Bear Creek
5 for use by BEAR VALLEY during the 26-year period, October 1, 1934
6 to September 30, 1960. This policy is attached as Exhibit "1".
7 BIG BEAR currently removes up to 1,000 acre-feet per year of snow-
8 making water from the Lake, half of which returns to the Lake when
9 the snow melts. The Lake Release Policy contemplates continuation
10 of this activity at current volumes.

11 D. If the 1977 Judgment, the Lake Release Policy and
12 this Agreement had been in effect in said period, VALLEY MUNICIPAL
13 would have been called upon to deliver to BEAR VALLEY up to 4,500
14 acre-feet of water per year, on average, as in-lieu water for
15 BIG BEAR.

16 E. VALLEY MUNICIPAL has instituted litigation against
17 BIG BEAR and others, which litigation seeks a judicial
18 determination of the rights of the water producers and users
19 within the San Bernardino Basin (hereinafter "Basin") to water
20 from the Basin and to water which historically flowed from Bear
21 Creek and the Lake to the Basin. This litigation is currently on
22 appeal in the California Court of Appeal, Fourth District,
23 Division One, in San Diego (No. D020907).

24 F. BIG BEAR and VALLEY MUNICIPAL wish to enter into an
25 agreement which will satisfy the in-lieu water requirements of
26 BIG BEAR and end said litigation.

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1 C O V E N A N T S

2 NOW, THEREFORE, IT IS AGREED by and between the parties
3 hereto as follows:

4 1. In each calendar year, when BEAR VALLEY demands
5 Lake water pursuant to the 1977 Judgment, BIG BEAR shall make Lake
6 releases to meet such demands to the extent such releases are
7 consistent with the Lake Release Policy. Releases shall be made
8 in response to any demand which BEAR VALLEY is entitled to make
9 pursuant to the 1977 Judgment, whether for irrigation or other
10 purposes. If BIG BEAR acquires any right (a) to store in the Lake
11 reclaimed water currently discharged outside the watershed or
12 other water imported from outside the watershed, or (b) to remove
13 water from the Lake, then the parties shall make reasonable
14 adjustment of this release obligation to allow BIG BEAR to enjoy
15 the benefits of such water, provided that no such adjustment shall
16 have the effect of reducing the average annual quantity of usable
17 Lake releases contemplated under this Agreement.

18 2. In each calendar year, whenever Lake releases under
19 the Lake Release Policy are not sufficient to meet BEAR VALLEY'S
20 Lake release demands, VALLEY MUNICIPAL shall deliver in-lieu water
21 to satisfy the remainder of those demands. For purposes hereof
22 BEAR VALLEY'S Lake release demands shall be limited to water which
23 BEAR VALLEY is entitled to demand from BIG BEAR (a) out of its
24 Lake account under the 1977 Judgment, computed using the same
25 formulas and coefficients used in the Big Bear Watermaster
26 Eighteenth Annual Report dated July 26, 1995, or (b) pursuant to
27 subparagraphs 25(e) and 25(f) of the 1977 Judgment. This water
28 can be provided from the State Water Project, wells, the Santa Ana

1 River, Exchange Water under the "Santa Ana River - Mill Creek
2 Cooperative Water Project Agreement" (dated May 3, 1976 and
3 recorded in Book 9008, Pages 1 et seq., Official Records of
4 San Bernardino County) or any other lawful source. If
5 VALLEY MUNICIPAL's in-lieu deliveries result in an obligation by
6 BIG BEAR to provide Basin Make-up water under the 1977 Judgment
7 (as determined using the same formulas and coefficients used in
8 the Big Bear Watermaster's Eighteenth Annual Report dated July 26,
9 1995), VALLEY MUNICIPAL shall provide replenishment water to bring
10 the Basin Make-up Account up to the minimum balance contemplated
11 by the 1977 Judgment. For purposes of the immediately preceding
12 sentence, the percentage credit allowance for stock water
13 deliveries for spreading in Table 4.C of said Annual Report shall
14 be assumed to be 0%.

15 3. Prior to May 1, 1996, VALLEY MUNICIPAL shall pay
16 sufficient amounts into an escrow account to provide for
17 defeasance of BIG BEAR's remaining payments under the 1989
18 Certificates of Participation which funded purchase of the well
19 and well sites described in Exhibit "2" attached hereto.
20 Immediately after establishment of the escrow account BIG BEAR
21 shall convey by grant deed to VALLEY MUNICIPAL marketable title to
22 said well and well sites.

23 4. Immediately after execution of this Agreement
24 BIG BEAR shall convey to VALLEY MUNICIPAL, free of liens and
25 unpaid assessments, all right, title and interest in and to all
26 BEAR VALLEY stock now owned by BIG BEAR, as described in
27 Exhibit "3" attached hereto.

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1 5. BIG BEAR shall pay VALLEY MUNICIPAL the following
2 amounts:

3 a. Commencing July 1, 1996 and on each July 1
4 through 2005, BIG BEAR shall pay VALLEY MUNICIPAL the smaller
5 of:

6 i. \$834,000, or

7 ii. The product of \$834,000 times a fraction in
8 which the denominator is BIG BEAR's assessed value for fiscal
9 year 1995-96 and the numerator is BIG BEAR's assessed value
10 for the fiscal year prior to the fiscal year in which the
11 payment is due. Provided that the annual amount paid shall
12 be not less than 90% of \$834,000.

13 b. Commencing July 1, 2006 and on each July 1
14 through 2016, BIG BEAR shall pay VALLEY MUNICIPAL the larger
15 of:

16 i. \$834,000, or

17 ii. The product of \$834,000 times a fraction in
18 which the denominator is BIG BEAR's assessed value for fiscal
19 year 2004-05 and the numerator is BIG BEAR's assessed value
20 for the fiscal year prior to the fiscal year in which the
21 payment is due.

22 c. Commencing July 1, 2017 and on each July 1
23 thereafter during the life of this Agreement, BIG BEAR shall
24 pay VALLEY MUNICIPAL the larger of:

25 i. \$895,000, or

26 ii. The product of \$895,000 times a fraction in
27 which the denominator is BIG BEAR's assessed value for fiscal
28 year 2004-05 and the numerator is BIG BEAR's assessed value

1 for the fiscal year prior to the fiscal year in which the
2 payment is due.

3 As used in this section the term "assessed value" means the Total
4 Net Value After RDA as determined by the San Bernardino County
5 Auditor-Controller. For example, the "assessed value" for 1995-96
6 is \$2,087,130,141.

7 6. BIG BEAR hereby pledges revenues from its general
8 property tax allocation through the County of San Bernardino as
9 sole security for the payments set forth in this Agreement.

10 7. BIG BEAR shall not acquire stock, or exercise
11 rights pursuant to stock, in water companies within
12 VALLEY MUNICIPAL.

13 8. As long as VALLEY MUNICIPAL meets its obligation to
14 deliver water hereunder, BIG BEAR shall not drill or operate
15 wells, or cause wells to be drilled or operated on its behalf,
16 within VALLEY MUNICIPAL except wells which may be operated by, or
17 on behalf of, VALLEY MUNICIPAL to meet the terms of this
18 Agreement.

19 9. BIG BEAR shall keep adequate records of the water
20 level in the Lake and of the date and amount of each release made
21 in response to demands from BEAR VALLEY and shall submit these
22 records annually to VALLEY MUNICIPAL. VALLEY MUNICIPAL shall keep
23 adequate records of the source and quantity of all water it
24 delivers under this Agreement and shall submit these records
25 annually to BIG BEAR.

26 10. As long as BIG BEAR makes the releases and payments
27 set forth in paragraphs 1 and 5 hereof, VALLEY MUNICIPAL shall not

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1 make any other claim regarding prior obligations of BIG BEAR to
2 the Basin.

3 11. Each party to this Agreement shall abandon or
4 dismiss its appeal in the pending litigation (No. D020907), with
5 each party bearing its own costs and attorney fees therein.

6 12. This Agreement shall remain in force through the
7 term of VALLEY MUNICIPAL's water supply contract with the
8 California Department of Water Resources, as it may be extended
9 from time to time.

10 13. This Agreement may be amended only by written
11 agreement of the Parties hereto pursuant to action of their
12 respective boards of directors.

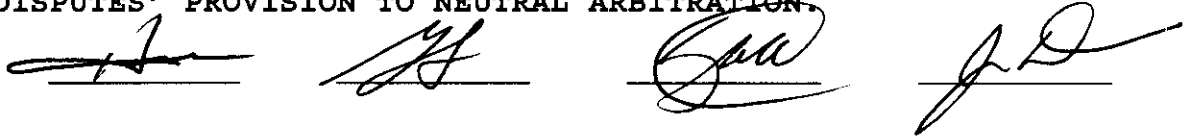
13 14. **ARBITRATION OF DISPUTES:**

14 Any disputes between the Parties arising from this
15 Agreement shall be resolved by binding arbitration in accordance
16 with the California Code of Civil Procedure, Part III, Title 9
17 (commencing with section 1280) and Title 9.3 (commencing with
18 section 1298). Provided, however, parties shall be entitled to
19 discovery under the rules of the Code of Civil Procedure, the
20 arbitrator(s) shall issue a written opinion adequately explaining
21 the basis of the award, and in any proceeding to confirm, correct
22 or vacate an award, the court may consider and correct errors of
23 law.

24 **NOTICE: BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO**
25 **HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE**
26 **'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION**
27 **AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU**
28 **MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY**
TRIAL. BY INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR
JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE
SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION.
IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS

1 PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY
2 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS
3 ARBITRATION PROVISION IS VOLUNTARY.

4 WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT
5 DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION
6 OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

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8 If the dispute in arbitration involves changes in circumstances
9 after execution of this Agreement, the arbitrator(s) shall
10 consider any remedies which may be legally available in response
11 to such changes.

12 15. Nothing in this Agreement is intended to create,
13 nor shall anything herein be construed as creating, any rights in,
14 benefits for or obligations to, any person or entity other than
15 BIG BEAR and VALLEY MUNICIPAL.

16 16. This Agreement shall be effective as of the date
17 set forth below.

18 IN WITNESS WHEREOF this Agreement is executed by the
19 persons authorized by the parties' respective Boards of Directors.

20 DATED: February 1, 1996

21 BIG BEAR
22 MUNICIPAL WATER DISTRICT

23 By: 

24 By: 

25 SAN BERNARDINO VALLEY
26 MUNICIPAL WATER DISTRICT

27 By: 

28 By: 

EXHIBIT "1"

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Big Bear Municipal Water District's Lake Release Policy was first adopted on May 1, 1987.

Policy states:

- "1. When the Lake is within the top four feet, the irrigation demands from Bear Valley Mutual will be met with Lake releases;
2. When the Lake is between four and six feet below full, the District intends to obtain in-lieu water between the months of May 1 and October 31. Between November 1 and April 30, water required would be released from Big Bear Lake.
3. When the Lake is between six and seven feet below full, the Board of Directors shall determine whether to release from the Lake;
4. When the Lake is more than seven feet below full, the District intends to obtain in-lieu water throughout the year."

EXHIBIT "2"

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Big Bear Municipal Water District Well Sites and Well

1. Well site only San Bernardino County APN 168-091-07.
2. Well site and well San Bernardino County APN 168-091-08.

These sites are as shown on San Bernardino County Assessor's Map Book 0168 Page 09 which follows and further described in the Grant Deed recorded as document 88-323072 in the Official Records of San Bernardino County.

EXHIBIT "2"

Order No. 919783
Escrow No. 10604-JP
Loan No.

RECORDED AT THE REQUEST OF
FIRST AMERICAN TITLE INSURANCE CO.

WHEN RECORDED MAIL TO:

Big Bear Municipal
Water District
P.O. Box 2863
Big Bear Lake, CA 92315

1 FEE			
5 SVY	5.29	8TT	501
10	42.90		G

RECORDED IN OFFICIAL RECORDS
SEP 27 1988 AT 8:00 AM
SAN BERNARDINO COUNTY, CALIF.

88-323072

MAIL TAX STATEMENTS TO:

None

DOCUMENTARY TRANSFER TAX \$ 42.90

Computed on the consideration or value of property conveyed; OR
Computed on the consideration or value less liens or encumbrances
remaining at time of sale.

Justin S. Hamilton
Signature of Declarant or Agent - Firm Name

GRANT DEED PORTION OF 168-091-06

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

AIRPORT INDUSTRIAL, a California Limited Partnership

hereby GRANT(S) to

BIG BEAR MUNICIPAL WATER DISTRICT

the real property in the City of Redlands
County of SAN BERNARDINO, State of California, described as

COMPLETE LEGAL DESCRIPTION ATTACHED AND MADE A PART HERETO

AS EXHIBIT "A"

919783 JA

THE RIGHT OF ENTRY TO THESE WELL SITES SHALL BE OFF OF SAN BERNARDINO AVENUE.

Airport Industrial, a California
Limited Partnership

Dated July 28, 1988

By: Western International Associates

STATE OF CALIFORNIA
COUNTY OF _____

Houshang Sanai
By: Houshang Sanai

On _____
before me, the undersigned, a Notary Public in and for said State, personally appeared _____

Khosrow Sanrab
By: Khosrow Sanrab

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same.

WITNESS my hand and official seal.

(This area for official notarial seal)

Signature _____

1002 (6/82)

MAIL TAX STATEMENTS AS DIRECTED ABOVE

88-323072

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY FOR BIG BEAR MUNICIPAL WATER DISTRICT

Well Site #2:

All that portion of the Southwest 1/4 of the Southeast 1/4 of Section 13, Township 1 South, Range 3 West, SAN BERNARDINO MERIDIAN, in the City of Redlands, County of San Bernardino, State of California, described as follows:

COMMENCING at the Southeast corner of said Section 13 in the centerline of 66 foot wide San Bernardino Avenue; thence along said centerline, South 89° 13' 16" West 1620.00 feet; thence at right angles leaving said centerline, North 0° 46' 44" West 44.00 feet to the TRUE POINT OF BEGINNING; thence from the TRUE POINT OF BEGINNING, continuing North 0° 46' 44" West 50.00 feet; thence North 89° 13' 16" East 50.00 feet; thence South 0° 46' 44" East 50.00 feet; thence South 89° 13' 16" West 50.00 feet to the TRUE POINT OF BEGINNING.

Well Site #3:

All that portion of the Southeast 1/4 of the Southeast 1/4 of Section 13, Township 1 South, Range 3 West, SAN BERNARDINO MERIDIAN, in the City of Redlands, County of San Bernardino, State of California, described as follows:

COMMENCING at the Southeast corner of said Section 13 in the centerline of 66 foot wide San Bernardino Avenue; thence along said centerline, South 89° 13' 16" West 620.00 feet; thence at right angles leaving said centerline, North 0° 46' 44" West 44.00 feet to the TRUE POINT OF BEGINNING; thence from the TRUE POINT OF BEGINNING, continuing North 0° 46' 44" West 50.00 feet; thence North 89° 13' 16" East 50.00 feet; thence South 0° 46' 44" East 50.00 feet; thence South 89° 13' 16" West 50.00 feet to the TRUE POINT OF BEGINNING.

Prepared by: *H. R. Hartwick*
H. R. Hartwick
March 22, 1988

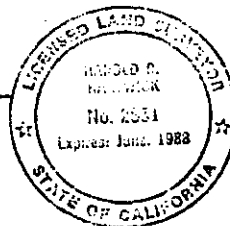


EXHIBIT "2"

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STATE OF CALIFORNIA
COUNTY OF ORANGE } SS 88-323072
On this 28th day of July, 19 88, before me, the undersigned,
a Notary Public in and for said County and State, personally appeared
Houshang Sanai

Acknowledgment - Partnership

personally known to me (or proved to me on the basis of satisfactory evidence)
to be an individual doing business as Western International Associates
one of the general partners of the partnership
that executed the within instrument, and acknowledged to me that
such partnership executed the same
WITNESS my hand and official seal

Susan Mae Kibel
Notary signature



STATE OF CALIFORNIA
COUNTY OF ORANGE } SS
On the 28th day of July, 19 88, before me, the undersigned,
a Notary Public in and for said County and State, personally appeared
Khosrow Schrab

Acknowledgment - Partnership

personally known to me (or proved to me on the basis of satisfactory evidence)
to be one of the general
partners of the partnership
that executed the within instrument, and acknowledged to me that
such partnership executed the same
WITNESS my hand and official seal

Debra Campbell
Notary signature

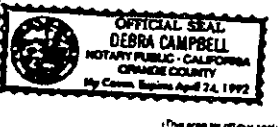


EXHIBIT "2"

88-323072

B.V.E. CO. REC'D JUL 1 1988

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4 THIS IS TO CERTIFY THAT THE INTEREST IN THE REAL PROPERTY
5 CONVEYED BY THE WITHIN INSTRUMENT TO BIG BEAR MUNICIPAL WATER
6 DISTRICT, A BODY CORPORATE AND POLITIC, IS HEREBY ACCEPTED BY
7 ORDER OF THE BOARD OF DIRECTORS MADE ON FEBRUARY 26, 1988 AND THE
8 GRANTEE CONSENTS TO THE RECORDATION THEREOF BY ITS DULY
9 AUTHORIZED OFFICER.
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12 RICHARD A. LEWSADER
13 SECRETARY/TREASURER OF THE BIG BEAR
14 MUNICIPAL WATER DISTRICT AND THE BOARD
15 OF DIRECTORS THEREOF
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EXHIBIT "3"

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Big Bear Municipal Water District
Bear Valley Mutual Water Company Stock Ownership

5 attached stock certificates summarized below:

No. 735	April 24, 1986	6 Shares
No. 771	March 16, 1987	950 Shares
No. 823	February 29, 1988	200 Shares
No. 879	January 25, 1989	19,870 Shares
<u>No. 1044</u>	<u>January 8, 1993</u>	<u>154 Shares</u>
	Total	21,180 Shares

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INCORPORATED JUNE 15, 1903
AUTHORIZED CAPITAL STOCK \$2,000,000
400,000 SHARES PAR VALUE \$5

No. 735

Bear Valley Mutual Water Company

REDLANDS, CALIFORNIA

Date: April 24, 19 86

This Certifies That

Big Bear Municipal Water District

is the registered holder, entitled to represent, and (subject to conditions printed on reverse side hereof)

-----No One-----

(If no pledge is to be registered, write "no one" in this space)

is registered as pledgee of

-----Six-----

shares

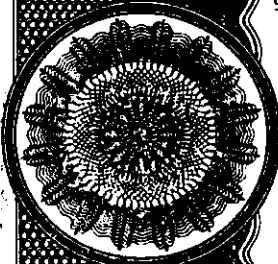
each of the par value of Five-Dollars, of the Capital Stock of

Bear Valley Mutual Water Company

a corporation organized under the laws of the State of California, for the purpose (in addition to any others) of supplying water to its shareholders.

The shares evidenced here are assessable and may be sold or forfeited for non-payment of an assessment. Each assessment is a lien upon the shares assessed from the time of the adoption of the resolution levying the assessment, until paid. Each charge or toll for water delivered or other service rendered by the corporation to or for the registered holder of these shares or in respect of ownership of said shares is a lien against said shares from the time when furnished or rendered, until paid. No transfer of said shares shall be made on the books of the corporation while any such assessment, charge or toll thereagainst remains or is unpaid.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its duly authorized officers, and its Corporate Seal, affixed, the day above written.



LOS ANGELES, CALIF.

THE CORPORATE PRESS, INC.

DOCKS

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No. Shares 950 No. 771
INCORPORATED JUNE 15, 1903 AUTHORIZED CAPITAL STOCK \$2,000,000
400,000 SHARES PAR VALUE \$5

Bear Valley Mutual Water Company

REDLANDS, CALIFORNIA

Date: March 16, 1987

**This
Certifies
That**

Big Bear Municipal Water District

is the registered holder, entitled to represent, and (subject to conditions printed on reverse side hereof)

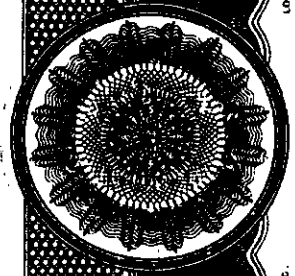
NO ONE
(if no pledge is to be registered, write "no one" in this space)

is registered as pledgee of Nine Hundred Fifty shares
each of the par value of Five Dollars, of the Capital Stock of

Bear Valley Mutual Water Company
a corporation organized under the laws of the State of California, for the purpose (in addition to any others) of supplying water to its shareholders.

The shares evidenced here are assessable and may be sold or forfeited for non-payment of an assessment. Each assessment is a lien upon the shares assessed from the time of the adoption of the resolution levying the assessment, until paid. Each charge or toll for water delivered or other service rendered by the corporation to or for the registered holder of these shares by virtue of or in respect of ownership of said shares is a lien against said shares from the time when furnished or required, until paid. No transfer of these shares can or will be made on the books of the corporation while any such assessment, charge or toll thereagainst remains or is unpaid.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its duly authorized officers, and its Corporate Seal affixed the day above written.



LOS ANGELES, CALIF.

THE CORPORATE PRESS, INC.

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No. Shares =200= No. 823
INCORPORATED JUNE 15, 1903 AUTHORIZED CAPITAL STOCK \$2,000,000
400,000 SHARES PAR VALUE \$5

Bear Valley Mutual Water Company
REDLANDS, CALIFORNIA

Date: February 29, 1988

This Certifies That

Big Bear Municipal Water District

is the registered holder, entitled to represent, and (subject to conditions printed on reverse side hereof)

(If no pledge is to be registered, write "no one" in this space)

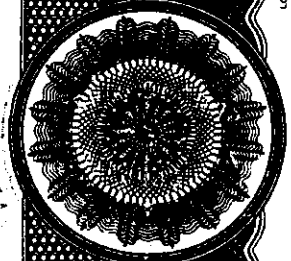
is registered as pledgee of Two Hundred shares each of the par value of Five Dollars, of the Capital Stock of

Bear Valley Mutual Water Company

a corporation organized under the laws of the State of California, for the purpose (in addition to any others) of supplying water to its shareholders.

The shares evidenced here are assessable and may be sold or forfeited for non-payment of an assessment. Each assessment is a lien upon the shares assessed from the time of the adoption of the resolution levying the assessment, until paid. Each charge or toll for water delivered or other service rendered by the corporation to or for the registered holder of these shares by virtue of or in respect of ownership of said shares is a lien against said shares from the time when furnished or rendered, until paid. No transfer of these shares can or will be made on the books of the corporation while any such assessment, charge or toll thereagainst remains or is unpaid.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its duly authorized officers, and its Corporate Seal, affixed the day above written.



LOS ANGELES, CALIF.

THE CORPORATE PRESS, INC.

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INCORPORATED JUNE 15, 1903
AUTHORIZED CAPITAL STOCK \$2,000,000
400,000 SHARES PAR VALUE \$5

No. 879

Date: January 25, 19 89

Bear Valley Mutual Water Company

REDLANDS, CALIFORNIA

No. Shares = 19,870 =

This Certifies That

Big Bear Municipal Water District

is the registered holder, entitled to represent, and (subject to conditions printed on reverse side hereof)

No. One

(If no pledge is to be registered, write "no one" in this space)

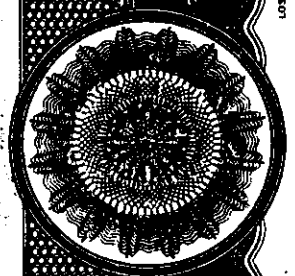
is registered as pledgee of
Nineteen Thousand, Eight Hundred Seventy shares
each of the per value of Five-Dollars, of the Capital Stock of

Bear Valley Mutual Water Company

a corporation organized under the laws of the State of California, for the purpose (in addition to any others) of supplying water to its shareholders.

The shares evidenced here are assessable and may be sold or forfeited for non-payment of an assessment. Each assessment is a lien upon the shares assessed from the time of the adoption of the resolution levying the assessment, until paid. Each charge or toll for water delivered or other service rendered by the corporation to the registered holder of these shares by virtue of or in respect of other shares is a lien upon the shares of the registered holder from the time when furnished or rendered, until paid. No dividend or other amount shall be made on the books of the corporation while any such assessment, charge or toll thereagainst remains or is unpaid.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its duly authorized officers, and its Corporate Seal affixed the day above written.

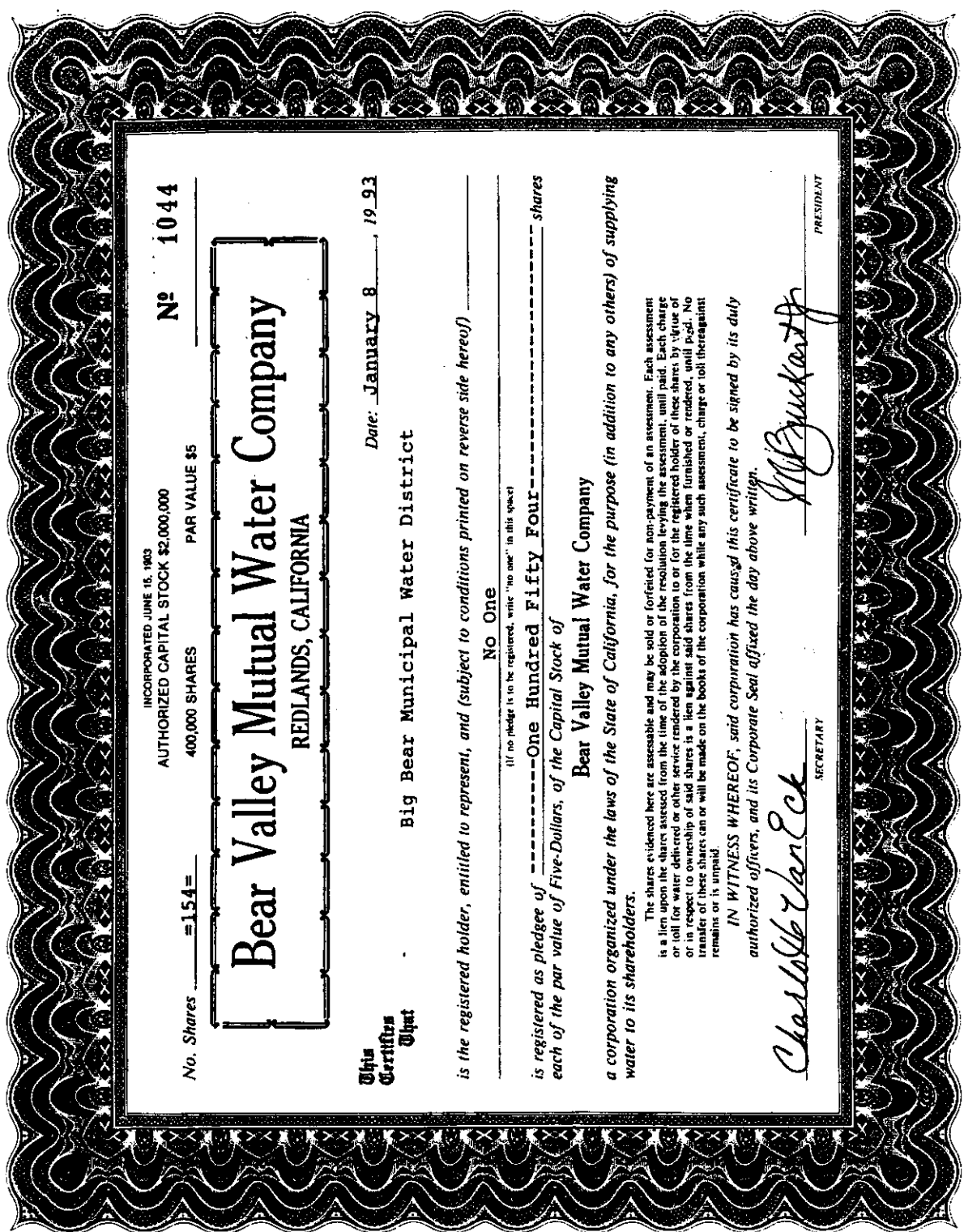


LOS ANGELES, CALIF.

THE COMPANITE PRESS, INC.

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No. Shares = 154 = No. 1044
INCORPORATED JUNE 16, 1903
AUTHORIZED CAPITAL STOCK \$2,000,000
400,000 SHARES PAR VALUE \$5

Bear Valley Mutual Water Company
REDLANDS, CALIFORNIA

This Certificate is the registered holder, entitled to represent, and (subject to conditions printed on reverse side hereof) _____
That Big Bear Municipal Water District Date: January 8, 19 93

No One
If no pledge is to be registered, write "no one" in this space
is registered as pledgee of -----One Hundred Fifty Four----- shares
each of the par value of Five-Dollars, of the Capital Stock of
Bear Valley Mutual Water Company
a corporation organized under the laws of the State of California, for the purpose (in addition to any others) of supplying water to its shareholders.

The shares evidenced here are assessable and may be sold or forfeited for non-payment of an assessment. Each assessment is a lien upon the shares assessed from the time of the adoption of the resolution levying the assessment, until paid. Each charge or toll for water delivered or other service rendered by the corporation to or for the registered holder of these shares by virtue of or in respect to ownership of said shares is a lien against said shares from the time when furnished or rendered, until paid. No transfer of these shares can or will be made on the books of the corporation while any such assessment, charge or toll thereagainst remains or is unpaid.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its duly authorized officers, and its Corporate Seal affixed the day above written.

Charles Van Eck SECRETARY
W. J. Zuckert PRESIDENT

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