

**Montara Water
and Sanitary District**
Serving the Community of Montara and Moss Beach

P.O. Box 370131
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Montara, CA 94037-0131
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To sensitively manage the natural resources entrusted to our care, to provide the people of Montara - Moss Beach with reliable, high – quality water, wastewater, and trash disposal at an equitable price, and to ensure the fiscal and environmental vitality of the district for future generations. Be open to providing other services desired by our community.

AGENDA

Regular Meeting

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

August 6, 2015 at 7:30 p.m.

(Regular Meeting)

CALL TO ORDER

ROLL CALL

PRESIDENT'S STATEMENT

ORAL COMMENTS (Items other than those on the agenda)

PUBLIC HEARING

1. Review and Possible Action Concerning Adoption of Appropriation Limit for FY 2015-2016.

CONSENT AGENDA

1. Approve Minutes for July 16 and July 29, 2015.
2. Approve Financial Statements for June 2015.
3. Approve Warrants for August 1, 2014.

4. SAM Flow Report for June 2015
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for June 2015.
8. Rain Report.
9. Solar Energy Report.

OLD BUSINESS

NEW BUSINESS

1. Review and Possible Action Concerning Filing the Notice of Completion for Pump Station Control Panel Upgrade Project – Phase 1.
2. Review and Possible Action Concerning California Special Districts Association 2015 Board Elections.
3. Review and Possible Action Concerning Change Order for Reassignment of Work to a Subcontractor in Lieu of General Contractor.
4. Review and Possible Action Concerning PARS Investment Strategy.

REPORTS

1. Sewer Authority Mid-Coastside Meetings (Harvey)
2. MidCoast Community Council Meeting (Slater-Carter)
3. CSDA Report (Slater-Carter)
4. CCWD, NCCWD Committee Report (Harvey, Huber)
5. Attorney's Report (Schricker)
6. Directors' Reports
7. General Manager's Report (Heldmaier)

FUTURE AGENDAS

ADJOURNMENT

The District has a curfew of 11:00 p.m. for all meetings. The meeting may be extended for one hour by vote of the Board.

NOTE: In accordance with the Government Code, members of the public may address the Board on specific agenda items when that matter is discussed by the Board. Any other items of interest that is within the subject matter jurisdiction of the District may be addressed during the Oral Comments portion of the meeting. Upon request, this agenda will be made available in appropriate alternative formats to persons with a disability. Request for a disability-related modification or an accommodation in order to participate in the public meeting should be made at (650) 728-3545. Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available in the District Clerk's office during normal business hours. Such documents may also be available on the District's web site (www.mwsd.montara.org) subject to staff's ability to post the documents before the meeting.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning
Adoption of Appropriations Limit for FY 2015-
2016**

Article XIII B of the California State Constitution, commonly referred to as the Gann Initiative or Gann Appropriations Limit, was adopted by California voters in 1980 and placed limits on the amount of proceeds of taxes that State and local agencies can appropriate and spend each year.

The limit is different for every agency and changes each year. The annual limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978-79, modified for changes in inflation and population. Inflationary adjustments are based on increases in the California per capita income and changes in County population.

The appropriation limit for the prior FY year was \$1,892,552. Factoring in the County's change in population for the unincorporated area (0.62%), and the change in the California per capita personal income (3.82%) provides the appropriation limit for the new fiscal year. This information is found in the State Department of Finance report received in May 2015. Based on these adjustments the appropriation limit for Fiscal Year 2015-2016 is \$1,984,496. This is the maximum amount of tax proceeds the District is able to spend in FY 2015-2016. As the attached worksheet shows, the District is \$678,609 below its Gann Limit.

Section 7910 of the State Government Code requires a governing body to annually adopt, by resolution, an Appropriations Limit for the upcoming fiscal year.

RECOMMENDATION:

Adopt Resolution No. _____, Resolution of the Montara Water and Sanitary District Determining the 2015-2016 Appropriation Limit.

Attachment

MWSD
 Appropriations Limit Computation
 June 30, 2016

Year Ended 30-Jun	Beginning Limit	County Population	Unincorporated	Per Capita Income	Ending Limit
2014	1,765,296	1.0104	1.0104	1.0512	1,765,296
2015	1,874,978	1.0117	1.008	0.9977	1,874,978
2016	1,892,553	1.01	1.0062	1.0382	1,892,553
					1,984,497

Fiscal Year 2015-16

Attachment B
Annual Percent Change in Population Minus Exclusions*
January 1, 2014 to January 1, 2015 and Total Population, January 1, 2015

County City	Percent Change 2014-2015	--- Population Minus Exclusions ---		Total Population
		1-1-14	1-1-15	1-1-2015
San Mateo				
Atherton	0.20	6,921	6,935	6,935
Belmont	0.66	26,573	26,748	26,748
Brisbane	2.41	4,434	4,541	4,541
Burlingame	0.64	29,700	29,890	29,890
Colma	0.61	1,471	1,480	1,480
Daly City	0.64	105,141	105,810	105,810
East Palo Alto	0.65	28,949	29,137	29,137
Foster City	0.63	32,187	32,390	32,390
Half Moon Bay	2.76	11,727	12,051	12,051
Hillsborough	1.37	11,266	11,420	11,420
Menlo Park	1.09	32,771	33,128	33,273
Millbrae	1.24	22,617	22,898	22,898
Pacifica	0.62	38,315	38,551	38,551
Portola Valley	0.98	4,483	4,527	4,527
Redwood City	1.26	80,818	81,838	81,838
San Bruno	2.69	43,247	44,409	44,409
San Carlos	0.72	29,238	29,449	29,449
San Mateo	1.26	100,170	101,429	101,429
South San Francisco	0.68	65,749	66,193	66,193
Woodside	0.71	5,500	5,539	5,539
Unincorporated	0.62	64,216	64,615	64,615
County Total	1.00	745,493	752,978	753,123

*Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.

MONTARA WATER AND SANITARY DISTRICT

NOTICE OF INTENTION TO ADOPT APPROPRIATIONS LIMIT FOR FISCAL YEAR 2015-2016

NOTICE IS HEREBY GIVEN that the Board of the Montara Water and Sanitary District proposes to adopt a resolution establishing the District's appropriations limit for the fiscal year July 1, 2015 - June 30, 2016, pursuant to the provisions of California Constitution Article XIII B upon the date, and at the time and place, hereinafter specified. Documentation used in the necessary determinations is available in the District Administrative office at the address hereinafter specified.

The Board shall consider adoption of the foregoing resolution at a meeting of the Board as follows:

DATE:	August 6, 2015
TIME:	7:30 p.m., or as soon thereafter as the matter may be considered.
PLACE:	District Board Chambers 8888 Cabrillo Highway Montara, CA 94037 (www.mwsd.montara.org)

RESOLUTION NO. _____

**RESOLUTION OF THE MONTARA WATER AND
SANITARY DISTRICT DETERMINING THE 2015-2016
APPROPRIATION LIMIT**

BE IT RESOLVED BY THE BOARD OF THE MONTARA WATER AND
SANITARY DISTRICT, A PUBLIC AGENCY IN THE COUNTY OF SAN MATEO,
CALIFORNIA, AS FOLLOWS:

1. The District, on the basis of appropriations limit calculations, which have been on file and available for public review in the office of the Secretary of the District, has calculated the maximum limit applicable to the appropriations of tax proceeds for the Fiscal Year 2015-2016 to be the sum of One Million Nine Hundred Eighty Four Thousand Four Hundred Ninety Six Dollars (\$1,984,496).
2. The basis for said calculations are available and on file in the office of the Secretary of said District.
3. The Secretary shall post this Resolution at the official places of posting.

COUNTERSIGNED:

President, Montara Water and Sanitary District

Secretary, Montara Water and Sanitary District

* * *

I HEREBY CERTIFY that the foregoing Resolution No. _____ was duly and regularly adopted and passed by the Board of the Montara Water and Sanitary District, San Mateo County, California, at a meeting thereof on the 6th day of August 2015, by the following vote:

AYES, Directors:

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
June 4, 2015

MINUTES

REGULAR SESSION BEGAN AT 7:36 p.m.

CALL TO ORDER

ROLL CALL

Directors Present: Slater-Carter, Harvey, Boyd, Wilson and Huber

Directors Absent: None

Staff Present: General Manager, Clemens Heldmaier
District Clerk, Judy Gromm

Others Present: District Counsel, David Schricker
District Water Engineer, Tanya Yurovsky

PRESIDENT'S STATEMENT –

ORAL COMMENTS -

Bill Kehoe, Moss Beach resident, reported the last and currant meeting Board packets had not been posted on the web site. Mr. Kehoe noted this makes it hard for people to prepare for the meeting without the information readily available.

Director Slater-Carter has requested to leave the last three Board Meeting Packets out for Public review.

PUBLIC HEARING –

- 1. Review and Possible Action Concerning Establishment of Prop 218 Limit for Water Rates.**

General Manager Heldmaier reported notices were mailed to all 1728 property owners and customers in Montara and Moss Beach notifying them about the planned rate increase for July 1, 2015.

The purpose of this meeting is to formally count the number of written protests received. If written protests are submitted against the proposed fees or against a particular fee by the owners of a majority of the parcels, the fees or fee will not become effective.

Director Boyd has opened the Public Hearing.

Alex Handlers, from Bartle Wells presented a brief presentation of the history of Montara Water and Sanitary rates for the public.

Overview:

- Background
- Prior Rate Projections vs. Actual
- Operating Cost per Capita
- Historical Rates: MWSD vs CCWD

Director Wilson moved to close the Public Hearing. Director Slater-Carter seconded the motion.

All Directors were in favor and the motion passed unanimously.

The Public Hearing has been closed.

The final count of protests was 6.

Carlyle Young, Moss Beach resident, questioned what the percent increase SFPUC was projected to be. Mr. Handlers answered 60 percent. Ms. Young further questioned if the refinancing of the Bonds extend the payments? Director Boyd answered no.

Greg Dieguez, Montara resident questioned why did you not compare operating costs per capita plus the cost of the bonds across the communities? Wouldn't that have been the right metric? Alex Handlers explained they are different perspectives. Bartle Wells did not because most other communities need to connect to the system, private water companies do not have connection fees so historically customers within this service area never had to pay to buy into the system. Finally, when MWSD took over the system, that was the option given to people buying in for their facilities instead of having to pay the connection fee. Director Boyd further stated we did not like the owners so we decided to become the owners and that was the price of ownership.

Erin Deinzer, Montara resident is a recent home owner and questioned what our water situation is now and how is this going to affect our rates and will we be forced to share with other communities? Director Boyd explained we are in pretty good shape. We are asking the community to continue to conserve as they have

been doing. Regarding sharing with other communities, it's really unlikely we will be forced to share, however we do have an understanding with our neighbors about emergency sharing for very brief periods of time without creating a health and safety issue for our community.

Ms. Deinzer further questioned if the District will be giving rebates for the Lawn Be Gone Program? Director Boyd indicated this would not be something the District would be doing at this time but something the District may look into in the future.

Eminent Domain was another question Ms. Deinzer had for the Board in which District Counsel Schricker responded this was a very hard and lengthy process to go through and level of proof is extremely high and not very frequently done.

The final question answered was the question of a 3% increase for the next 4 years. Director Slater-Carter explained typically no. We have to examine what our needs are for the District and typically that leads to increasing rates less than we are allowed to do.

Director Wilson noted while the history of rate increases are important, the vulnerability with this agency right now is with their employees in the fact that they are not competitive with the adjoining agencies. One of the issues we need to be clear we have to invest in our employees in order to keep them on a longer term status. The rate increase and PARS discussion coming up is all about investing in our employees. I think 3% is conservative given this need but, I think it is something we can work with. I do not want this message to get lost in this discussion.

Director Wilson moved to adopt an ordinance of the Montara Water and Sanitary District Establishing Maximum Water Service Quantity and Meter Charges. Director Huber seconded the motion.

A Roll Call Vote was called. All Directors were in favor.
Motion carried 5 – 0.

Director Slater-Carter requested the Rate Study to be placed on the website.

At this time, General Manager Heldmaier requested Old Business item number 2, be brought forward for discussion.

Old Business:

- 2. Review and Possible Action Concerning Approval of Water and Sewer Budgets and Capital Improvement Programs.**

General Manager Heldmaier reported a Draft Budget was presented at the May 7th meeting for the Board to review. On May 28th the Finance Committee met, reviewed the budget and suggested changes. The Finance Committee recommends approval of the budget at this time.

The Budgets contain a suggested water rate increase of 3%, and a Suggested sewer service charge increase of 3% to cover increased dept service, personnel cost, capital needs and building of reserves On the water side.

Peter Medina, District Accountant gave a brief presentation of the new budget look, process and highlights.

Director Huber noted this budget was much easier to read, much better presentation. The Executive Summary was a major addition to the process and help give a clearer picture. Clemens and Peter's responsibility to create and defend the budget and they did so quite well.

Director Slater-Carter noted it had been her goal to make the budget more transparent and readable to the public. This goal has been accomplished. I support this budget.

Director Slater-Carter suggested to have at least 5 copies of the proposed budget for the public next time this process comes up. If there are any suggestions from the public to help make this document more transparent, please let us know.

Director Boyd thanked the Finance Committee and staff.

Carlisle Young, Moss Beach resident questioned salaries. Are all employees getting a salary increase or are you just trying to retain people?

Director Boyd explained we count on and very much appreciate our staff. One of the items coming up tonight is about a retirement plan for staff.

Director Wilson moved to adopt the next Resolution in line, a Resolution of the Montara Water and Sanitary District Approving Budget for the Fiscal year 2015-2016. Director Harvey seconded the motion.

A Roll Call Vote was called. All Directors were in favor and the motion carried 5 – 0.

Public Hearing:

2. Review and Possible Action Concerning Adoption of a Revised Master Fee Schedule.

General Manager Heldmaier reported the Board adopted the Master Fee Schedule in June last year which contains all charges and fees including the Water and sewer connection charges. Staff has updated the connection charges and service fees based on the cost of construction and the consumer price index.

The following are the major changes from the prior year:

- The Sewer Service Charge rate will be set at tonight's meeting to increase by 3% to 40.510. The increase is necessary to fund necessary capital improvements and increased SAM assessments.
- The Water Rates are set at the newly established maximum prop 218 level. If water sales stay the same as in the current year, the District will collect around 5% more water sales revenue. The increase is necessary to fund future capital improvements, increased debt service, additional personnel cost, and start building capital reserves.
- Connection Charges and other construction related fees have been increased by 1.78% in accordance with the California Construction Cost Index. The Application Fees and other Miscellaneous Fees that depend on District staff for review have been increased by 2.44% in accordance with the U.S. Bureau of Labor's Consumer Price Index (All Urban consumers – SF Bay).

Director Boyd opened the Public Hearing.

There was no public testimony.

Director Slater-Carter moved to close the Public Hearing. Director Harvey seconded the motion.

All Directors were in favor and the motion passed 5-0.

Director Slater-Carter noted the slight increase of 1.78% in connection charges and other construction related fees in accordance with the California Construction Cost Index. This is an example of how this District is cognizant of keeping its costs down.

Director Slater-Carter moved to adopt the next ordinance in line of the Montara Water and Sanitary District Restating and Amending the Master Fee Schedule. Director Wilson seconded the motion.

A Roll Call vote was called.

All Directors were in favor and the motion passed unanimously 5 – 0.

3. Review and Possible Action concerning Resolution Overruling Protests and confirming Reports on Sewer Service Charges, Delinquent Sewer Service Charges, Delinquent Refuse Collection Charges and Delinquent Water Charges for FY 2014-2015.

General Manager Heldmaier reported the Health and Safety code requires that in order for sewer service charges to be placed on the property tax roll a public hearing must be held. The proposed Sewer Service Charge rate is set at 40.510. The code also provides for collection of delinquent water service and refuse collection charges under the tax roll. The District has adopted ordinances enabling collection of the sewer service and delinquent water and refuse collection charges under the property tax roll.

Notices regarding collection of the foregoing charges and delinquent charges were published in the HMB Review.

Director Boyd opened the Public Hearing.

There was no testimony from the public.

Director Harvey moved to close the Public Hearing.
Director Huber seconded the motion.

All Directors were in favor and the motion passed unanimously.

Director Wilson moved to adopt the next resolution in line of the Montara Water and Sanitary District Overruling Protests and Confirming Reports on Sewer Service Charges for Fiscal Year 2015-2016 and Delinquent Sewer Service, Refuse Collection and Water Service Charges for Fiscal Year 2014-2015, Certifying List of Lots or Parcels of Land and Corresponding Charges Against Said Lots or Parcels and Directing Transmittal of Said Certified List and Charges to County Controller for Entry on the Current Assessment Roll.
Director Huber seconded the motion.

A Roll Call vote was called.

All Directors were in favor and the motion passed 5 – 0

CONSENT AGENDA –

1. Approve Minutes for May 7, 2015.

2. Approve Financial Statements for April 2015.
3. Approve Warrants for June 1, 2015.
4. SAM Flow Report for April 2015
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for April 2015.
8. Rain Report.
9. Solar Energy Report.

Director Slater-Carter moved to approve the Consent Agenda. Director Harvey seconded the motion.

All Directors were in favor and the motion passed 5 – 0.

OLD BUSINESS –

1. Review and Possible Action Concerning Approval of Sewer Authority Mid-Coastside Budget.

General Manager Heldmaier reported this was a revised copy that was approved for distribution at the last meeting. A revised version was distributed to the member agencies. Below is a list of changes and additions to the revised document:

- 1) \$5000 to be added to the First Flush line item, rolled up in the Laboratory testing cost center.
- 2) \$15,000 to be added to the Engineering Services Budget, called out to “Update the Recycled Water Study from 2008” – this will be done by SRT as Sole Source.
- 3) \$150,000 be added to the Engineering Services Budget, called out as “CEQA Permitting costs (reimbursable to SAM by OCP and CCWD)”
- 4) \$25,000 be added to the Engineering Services Budget, called out as “Comprehensive Hydraulic Modeling Services”

General Manager Heldmaier is recommending the new General Manager of SAM to bring forward after 6 months a budget review and if necessary any budget revisions.

Director Wilson recommends to approve the budget with a request from the new SAM General Manager for a 6 month review presentation.

Director Huber moved to adopt a Resolution of the Montara Water and Sanitary District Approving and Adopting Sewer Authority Mid-Coastside Budget Dated May 26, 2015 for Collection Contract Services for FY 2015-2016. Director Slater-Carter seconded the motion.

A Roll Call Vote was called. All Directors were in favor and the motion carried unanimously 5 – 0.

Director Huber moved to adopt a Resolution of the Montara Water and Sanitary District Consenting to Approval by Sewer Authority Mid-Coastside of its General Budget Dated May 26, 2015-2016 and its Capitalized Maintenance Budget Dated May 26, 2015. Director Slater-Carter seconded the Motion.

Director Slater-Carter would like a discussion with our engineers regarding how we can improve our costs.

A Roll Call Vote was called. All Directors were in favor and the motion passed unanimously. 5 – 0.

2. Review and Possible Action Concerning Approval of Water and Sewer Budgets and Capital Improvement Programs.

Discussed earlier in the Board meeting.

NEW BUSINESS –

1. Review and Possible Action Concerning Adoption of Proposed PARS Pension Plan.

General Manager Heldmaier reported staff was directed to examine procuring a pension program through the Public Agency Retirement System (PARS). The benefit parameters include a Defined Benefit Plan for all full-time employees based on 2% @ 62 full formula and at least five (5) years of District service, and final compensation based on the highest average consecutive thirty six (36) months (3 years) of compensation with the District. Parameters include an employee contribution equal to at least half of the on-going normal cost of the benefit.

At the last meeting the actuarial valuation for the PARS Plan for the District was received. The plan provisions are:

- a. All full-time employees are included in the plan employed on or after July 1, 2015
- b. Benefit service is based on District years of service credit earned after July 1, 2015; purchases of past service credit rendered prior to July 1, 2015 is available but must be paid for by the employee;
- c. Vesting service is 5 years of District service;
- d. Employee contribution of 50% is required;
- e. Final average compensation is the average of the highest thirty-six (36) months of compensation (not to exceed amounts prescribed by CA Govt Code Section 7522.10(c));

- f. Employee is eligible for the benefit upon meeting the minimum age of 62, completing 5 years of service with the District;
- g. No disability benefit under this plan, other than the return of the employee contribution with 3% interest per annum;
- h. The plan provides a pre-retirement death benefit to spouses or registered domestic partners of the employees who met the age and service condition for retirement;
- i. Employees who terminate employment with the District but do not meet vesting requirements will receive a refund of their contributions with 3% interest per annum;
- j. The Plan is a life-only annuity;
- k. The Plan payment will increase by 2% annually for cost of living.

Greg Dieguez, Montara resident first heard about this item at the last meeting and reported he had a background in financial services. His first concern was he had only heard 1 other alternative. Mr. Dieguez reported there were 3 other ways to retain and motivate employees.

An Example Decision Table was handed out with alternatives including pros and cons. Mr. Dieguez noted he was surprised in not seeing the consideration of alternatives and suggests the Board is taking unconsidered risk in adopting a defined benefit plan as opposed to a defined contribution plan. Mr. Dieguez further noted in the handout presented in the packet the basis point charge for the Highmark Funds is more than doubled what the Vanguard Funds used to be the last time he looked at them. He is concerned about other charges and complications that may be found upon further analysis. Mr. Dieguez further noted his goal was not to save money, I am endorsing the motivating of employees. My suggestion is instead of adopting this plan without the consideration of other options, that the Board designate an amount to contribute immediately to an employee benefit fund that it segregates until sometime in the future as you determine what the proper balance of risk and reward is going to be and how much you are going to do in salaries, other benefit packages. Start putting aside now so there is no loss to the employees. Don't take this risk without thinking it through. The Actuarial Valuation Presentation was inaccurate and did not cover the comparison of other alternative benefits.

A copy of the Example Table Mr. Dieguez presented is included with the minutes.

Director Boyd reported we have been touching on a variety of plans but the pension plan is a notable difference between us and most public agencies including SAM and neighboring agencies. We have taken time going through and taking a look at PARS.

Bill Kehoe, Moss Beach resident noted Mr. Dieguez had raised a lot good questions. Mr. Kehoe would like to know how far out of line the District is compared to other agencies regarding benefits. Are the other agencies average or above average? Mr. Kehoe has no kind of method to figure what

the District is getting itself into. Mr. Kehoe verified the amount the District and employee would paid into the plan would be 50% and 50% up to a maximum amount. He further questioned what the highest average over 36 months included. General Manager Heldmaier verified all compensation. Mr. Kehoe noted what happens with other Districts that have these kind of contribution plans is they become unsustainable. You are putting the District on the hook for huge amounts of money. We know it doesn't work so why are we considering this? Employees deserve a livable wage and benefits and I would fight for that, but the District has to be able to sustain this benefit. Mr. Kehoe disagrees with a 3% return for non-qualifying employees that have paid into the plan and leave before becoming vested and believes the District should not be offering this.

Director Wilson requested the District Labor Negotiator, Austris Rungis, to give a summary of the history of this item.

Mr. Rungis explained the chart Mr. Dieguez handed out was an excellent templet in which to review the efforts in what has happened in our District over the last 3 years.

Local 39 came in and localized our employees. With that, we entered into an internal audit on where we are in terms of wages and benefits for our employees. What transpired was in all of these areas, especially in the retirement area, this employer was not even in the middle of the like organizations. After a process of 2 years of negotiations, the union walked away. What we did next was to look over the internal audit, and try to make things more like our neighbors to help keep our staff from moving on. Some of the materials that Greg has outlined here were part of our negotiating process. The issue of retirement has several aspects. It's the actual pension people receive and actually the retirees medical. Comparing us to Coastside, we have 0.

Another question that came out was why not PERS instead of PARS. There are two major things to think about. Greg is correct that there are different ways of constructing retirement systems and we have focused on the Defined Benefit Plan. As of 2013, we had a bipartisan legislation passed in California called PEPRRA. This changed the law dramatically in which it states for non-safety employees, you can only have the same benefit if you are going to have a defined benefit plan. You cannot do better than that. That is the formula that is in the staff report. You can no longer do single highest year, you can only do 36 months. Pre PEPRRA employees can do that. There is a maximum that you can have and I believe it is around 118,000 or 117,000 per year.

Now, what are the things the Board can do? If sometime downstream, the District can no longer be able to continue this plan, you are able to stop it for new hires. That is an advantage you have with PARS that you will not have with PERS. PERS is very hard to get out of.

Greg mentioned something at the last meeting regarding looking very hard on the return of investment. PERS says they are going to get 7-1/2% and we all know that is a very challenging number. One thing the Finance Committee will be looking at if this passes, is what would be the appropriate amount. We have been advised to take a look at 6-1/2% as a rate of investment. With PERS you have no flexibility with this.

I was asked to give a little history regarding this item. So again, a little over 2 years ago we were in a situation where the Union had come in and put forth for our consideration a lot of areas that should be adjusted.

Greg Dieguez noted there were two areas Mr. Rungis did not address and that was the risk of the investment. Why does this Board have to take a risk on 6-1/2% to 7-1/2%? Give the employees their money in a retirement plan. Let them control the investments. Why does this entity have to take a financial risk for the rest of time that is stated on a piece of paper? I am suggesting an analysis should be done side by side. I will help, I have degrees on this. If you want a study group I can set it up.

Director Huber questioned the 6 to 7% rate of return. If there is a market correction and the principal is diminished, the District has to make up the short fall. Mr. Rungis explained that these losses and gains are measured over several decades so things are evened out. One additional thing that is extremely important under PEPPRA the risk is shared equally between the employer and employees.

Mr. Dieguez disagreed with the shared risk statement.

Mr. Rungis explained a Defined Benefit Pension is a long term commitment. What we are saying for the current work force, they will know they will have \$1500 per month until the day they die. The Defined Contribution Plan is whatever money you have contributed by the employer and how ever well you do with your investments, at the end of your 20 years, if you have \$250,000 you will have that Amount to take care of your needs.

Director Huber noted the risk would be on the District in the Defined Benefit Plan, the risk would be on the employee in the Defined Contribution Plan. The District has control over the Defined Benefit Plan and the Employee has the control in the Defined Contribution Plan. The District can still contribute the same amount to the Defined Contribution Plan but with less risk. Director Huber agrees we need to look into alternatives to the Defined Benefit Plan.

Director Boyd noted we already have a 457 plan which some people refer to as a 401K. This new pension plan will be an addition to that. Going through what CalPERS did with agencies around the state there were a couple of

things I identify as failures. In 2000 they were talking to agencies about offering 2-1/2% at 55. We are not looking at this, we are looking at 2% at 62. I do not mind looking at comparisons. How do we look as compared to other agencies?

Mr. Rungis explained CCWD has PERS 2-1/2% at 55 as well as a very solid reward package especially when it comes to wages, medical and retiree medical. Montara has in the 10 years evolved into a jewel as a place to live. You have a wonderful location and very close to San Francisco and Palo Alto. In order to have adequate services, you need to make sure the workforce does not leave us.

Director Slater-Carter explained she, Paul Perkovic and others started speaking against Defined Benefit Plans and early retirement ages when it was going on and so we were not surprised when agencies started realizing they had big issues. Retiring medical is an interesting thing. We are talking about relatively young men and or women if we had a woman on our crew that was young, in any event, at 65 you are enrolled in Medicare whether you want it or not. So people on high levels of retired medical plans may have to start paying taxes. This is an interesting issue and perhaps we can look into this a little more. Director Slater-Carter questioned why 2% at 62 and not 2% at 66?

Mr. Rungis explained the cost would be less if you went to 2% at 66, but the Personnel Committee decided on the 2% at 62 with the understanding this can be changed down the road for new employees.

Director Slater-Carter has reservations about the interest rates that are projected here. I would like to find out more about a Defined Contribution Plan. Are there any other ways to meet our employee's desire for retirement and not put this District at risk in the future? I have questions regarding who owns the assets, how do we budget for this in the future? I think it is foolish to put our employee's retirement at risk too! What was sent to the Board last week was a sales pitch. It did not answer my questions. I agree with Greg that I would like to be putting money away retroactively to fund whatever we decide on. I am very uncomfortable with the area of risk right now. Can we talk to other agencies about this? The Management fee seemed high to me. I want to see more for this District. We do live in a fabulous place and our housing costs are rising which makes it tougher for the new families to pay rent. We also have people on Social Security and we have to keep our fees in line for them too. Again, I would like to see more options.

Director Wilson noted Director Harvey and I met and asked all the questions you are asking. We are looking at a benefit package that when you look at the costs to the District it is relatively low. It is capped by the annual evaluation on how the fund performs and there are lots of safeguards in keeping the costs under control on this. When you look at the biggest risk that we have right now, it's our employees leaving. That is our biggest risk.

For all the good work this agency has done, it can go away in a matter of moments. If any of you have looked at the cost of living you will see it has gone up. Looking at the pressure on the typical work force is going up extremely higher. The cost of this in relation to our overall budget is \$80,000. Jim and I have worked on a number of sessions on this. We are not talking about a retirement plan that is going to break the bank. Ultimately what we are talking about is bringing our employees to a level that they will want to stay with us. Right now when I hear our employees have to live next door because they can't afford to live in the area, we need to strategize and help to have our employees live in this area. These questions have been hammered away. The Defined Benefit Plan fits perfectly.

General Manager suggests to find out what it would cost the District to provide these services and what are the risks in dollars? We talked about our budget recently. This agency has a cash flow of over 9 million. With that said, the employers contribution in dollars would be \$40,000 not the \$80,000 mentioned earlier. Now let's assume that now the fund under performs. What would this cost the District? A 1% loss would be \$400. Now, how much can this increase? Let's say we have 10-12 employees and safely assume it is safe to say the cookie jar we set aside for this is going to increase to 1.5 million in 20 to 30 years down the line. This is about a \$10,000 bill.

Beverly Garrity, a Montara resident would like to know if you had talked to the employees to see what their priorities are regarding these benefits.

General Manager Heldmaier reported Mr. Rungis explained earlier this was an item the employees brought up during Union negotiations. Speaking for the agency, the wishes of the employees and needs for the agency. What the Agency needs to consider right now is how easy is it to replace key employees? This was a point that was considered by the Finance Committee and the team that worked on the retirement benefit. The Agency believes we have the capability to hire key employees should we lose them. This has been a real issue for the District in the past.

Director Huber has two issues he feels have not been resolved.

1. What is our risk exposure on the defined benefit plan if we have a stock market correction and how will this affect the District in dollar terms.
Will we be able to shoulder this with ease or will this set us back.
2. Defined Benefit vs. Defined Contribution. Can we restructure so the Defined Contribution is equally enticing to new employees?

Mr. Rungis explained the reason the defined benefit plan has been in the forefront of the public sector is we are one of the rare organizations that do not have a defined benefit plan. To the best of my knowledge, all along the coast all other agencies have a defined pension plan. When we started our

negotiations with Local 39, the employees had a tremendous interest in the defined pension plan.

To figure out the risk, Clemens did a quick analysis measuring how much of a downturn in the market would affect the District. Director Huber suggested using 2008 as an example and Mr. Rungis suggested using a 20% reduction in the market.

At this time Director Boyd suggested a short 5 minute recess.

The meeting came back into session at 10:55.

Director Slater-Carter moved to extend the meeting one more hour. Director Harvey seconded the motion.

All Directors were in favor and the motion passed 5 – 0.

Director Huber reported after a discussion with Director Wilson, he understood why the defined contribution could not have the same effect as the defined benefit, but he still needed an answer to his first question regarding a sudden stock market correction and how the District could handle this. If there was a 25% correction and our portion was \$40,000 this would this mean a \$10,000 liability for that year?

Director Wilson clarified yes, but the averaging over 30 year life span will include because of historical numbers based on the ups and downs of the economy.

Director Huber questioned if the contract could include we can keep it fully funded yearly so someone can't kick the ball down the road?

Mr. Rungis explained this would be a policy of the Board. Director Wilson reminded Director Huber of the annual report and how the Board will be reviewing it and taking any actions as needed.

Director Slater-Carter is not questioning a retirement plan for the employees, she is questioning the numbers. Questions asked and answered in a committee are not answered in the public view. I have a strong point of view that says the public needs to know and help us make our decisions. All of the financial numbers we are talking about are about right now. Yes we can do this now, but what about down the road? Director Slater-Carter is concerned and would like to see other options. Perhaps we can vote tonight to put money aside to show the employees we are planning to fund a good retirement plan for them that would be retroactive to July 1, 2015. Director Slater-Carter further requests to have a Public Workshop with lots of questions brought forward by the public and Board members tonight to be vetted and answered in a written document by a Financial Analyst. I do not want this to be a regularly scheduled

meeting, I want it to be a Public Workshop so we can share the information with the people who are paying the bill.

Director Harvey requested to make 3 points:

1. This plan is in the Budget along with a raise.
We are behind in raises.
2. We have 7 employees for this plan. If one leaves today, that would mean one less on the plan. It is not set in concrete for 7 employees for the life of this District. We can have new employees come in at a different rate. Our plan can be modified for new employees.
3. The 7% can be modified as well.

Mr. Rungis agreed with these statements. Another point Mr. Rungis put forth was the employees have the right to meet and confer individually and or collectively, but had not exercised this right as of yet.

Director Slater-Carter noted the money for a plan is in the budget, not this plan. Director Slater-Carter had the following questions:

1. .36% management fee, are there any other management costs in there?
2. Is the opportunity for other management costs in there?
3. Are there other costs that have not been mentioned?

Mr. Rungis reported his understanding was that is the cost.

Director Slater-Carter noted this was not a contract and is concerned about hidden fees.

Mr. Rungis explained this is the first part, the second part was going to be in July when the Finance Committee was going to meet with the investment people to figure out what model they would recommend to the Board.

Director Slater-Carter questioned, the Board is making a decision on a .36% fee tonight, if it suddenly goes up, what are we going to do? That throws the whole financial model.

Director Wilson reported the fees are at their highest particularly when you start a new plan. The fee they are charging is the fee that is in the document. To your point Kathryn, if that rate changes, it violates the presentation. The fee structure you read, is the fee we will be charged. The good news is over time, the more money that is in the account, the rate will go down with re-negotiations.

Director Slater-Carter had further questions:

1. Who owns the assets?
2. Where are they housed?
3. Who gives us the account statements and how often do we receive them?

Director Wilson explained that they own the assets, they actually house the insured accounts and they will send us monthly reports along with a yearly report that tells us if we are over or under funded.

4. Who covers the insurance and what are the limits?

Director Wilson explained these accounts are so highly regulated that they have to have bonding and self-insurance policies.

Director Slater-Carter would like to see more information regarding the above. Insurance is a critical issue.

Director Slater-Carter is requesting the following:

- A. An analysis on the difference of Defined Contribution vs. Defined Benefit Pension plans.
- B. The document the Board will sign when we commit to this.
- C. More work to be done on this including the public at a public workshop.

Director Boyd has the following questions:

1. Is Highmark the only one to administer this fund?
2. Can we get more information on their reputation?

Director Wilson suggested we take a vote on the motion. We make a work session out of vetting this plan that we would normally do in a committee. Let's make this a work session, agenzized where questions are answered and open to the public with both Austris and the actuary. But, let's vote on going ahead with a retirement plan tonight.

Director Slater-Carter would like an investment expert that has experience with pension plans and is independent.

Director Wilson would like to mutually agree who that will be with Director Slater-Carter.

Director Boyd questioned who would be reviewing the contract before it is signed?

District Counsel responded he had read what had been given to the entire Board. The Resolution before the Board provides that the General Manager will be the administrator of the plan.

Director Boyd requests all Board members receive a copy of the contract and District Counsel to review the document before any signature.

There was then a discussion regarding the resolution and its contents. At this time, it was advised not to approve the resolution as it is written. District Counsel recommended to continue this matter for Board discussion on Defined Benefit Plan.

Director Wilson is looking for the Board to provide direction that we are looking into a Defined Benefit Plan.

Director Boyd noted the Board needs to see the contract, we need to see a resolution before us, and the Board will need to have some questions answered.

Director Wilson suggested to have a Public Workshop before the next Board Meeting then start the Board Meeting at the regular time at 7:30.

District Counsel reported there would be more leeway for subject matter if the meeting was moved to July 16th.

There was mention of posting the special meeting on website and possibly in the Half Moon Bay Review.

2. Review and Possible Action Concerning Cancellation of Next Regular Scheduled Meeting 6/18/2015 and Moving the 7/2/2015 Regular Scheduled Meeting to 7/9/2015.

After a long discussion, the next meeting will be held on July 16, 2015.

REPORTS

1. Sewer Authority Mid-Coastside Meetings – Director Harvey- None
2. MidCoast Community Council Meeting – Director Slater-Carter - None
3. CSDA Report (Slater-Carter) – Director Slater-Carter - None
4. CCWD, NCCWD Committee Report – None
5. Attorney’s Report (Schricker) – None
6. Directors Report – None
7. General Manager’s Report (Heldmaier) – None

FUTURE AGENDAS- possibility of permitting greywater systems

REGULAR MEETING ENDED at 11:45 P.M.

Respectfully Submitted,

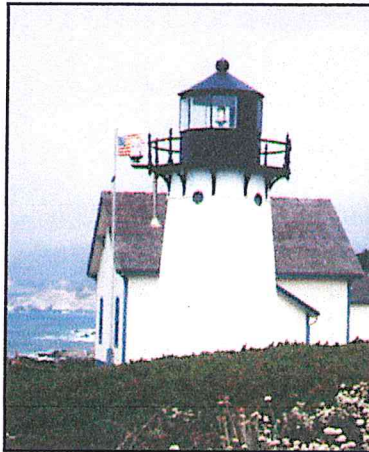
Signed _____

Secretary

Approved on the 6th August, 2015

Signed _____
President

MONTARA WATER AND SANITARY DISTRICT



**Unaudited Financial Statements for
June
2015**



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

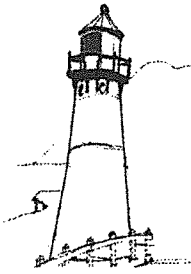
TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

SUBJECT: Unaudited Financial Statements – Executive Summary

Budget vs. Actual – Sewer July through June, 2015 Variances over \$2,000:

- 4420 Administrative Fee (Remodel), \$2,241 above Budget – More remodel fees than originally expected. Seven (7) fees received in the current fiscal year.
- 4440 Inspection Fee, \$2,969 above Budget – More activity than anticipated for fiscal year 2014 – 2015.
- 4460 Remodel Fees, \$17,977 above Budget – More activity than anticipated for fiscal year 2014 – 2015.
- 4610 Property Tax Receipts, \$15,600 below Budget – Property tax remittance of \$35,830 was received in June.
- 4710 Sewer Service Charges, \$44,304 below Budget – Additional remittances for the 6/30/2015 expected after FYE which will be accrued.
- 4720 Sewer Service Refunds, Customer, \$4,915 above Budget – More leak reimbursements issued than anticipated.
- 4760, Waste Collection Revenues, \$3,344 above Budget – Every other month true up payments have been larger than anticipated.
- **Overall Total Operating Income for the period ending June 30, 2015 was \$40,767 below budget.**
- 5250 Conference Attendance, \$2,000 below Budget – No activity in the current fiscal year.
- 5270 Information Systems, \$3,213 below Budget – Less activity than anticipated to date.
- 5400 Legal, \$16,418 below Budget – Less activity than anticipated to date.
- 5550, Postage, \$2,786 below Budget – Less mailings than anticipated.
- 5610 Accounting, \$8,718 below Budget – Appears to be a lag in billing. Bills only received through April activity.
- 5620 Audit, \$2,950 below Budget – Final billing will be received at a later date.
- 5630 Consulting, \$5,389 above Budget – Strategic planning costs paid to Rauch Communication Consultants are higher than anticipated.
- 5710, San Mateo Co. Tax Roll Charges, \$3,000 below Budget – No activity to date. Charges are deducted from remittances.
- 5800, Labor, \$3,153 below Budget – Employee benefits and worker's compensation line items have been reduced with less devoted staff.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 6170 Claims, Property Damage, \$7,861 below Budget – Two (2) liability claim reimbursement has been issued.
- 6200 Engineering, \$40,741 above Budget – With the increase in inspection fees received, Nute has been performing a significant amount more time for reviews. In addition, Nute prepared a facility mapping and GIS system that has not yet been capitalized.
- 6400 Pumping, \$10,529 below Budget – Timing difference. Year-end accrual makes up difference.
- 6660 Maintenance, Collection System, \$20,000 below Budget – No activity to date.
- 6940 SAM Maintenance, Collection System, \$14,371 above Budget – The District paid Sewer Authority Mid-Coastside for lift station repairs.
- 6950 SAM Maintenance, Pumping, \$24,488 below Budget – Less expenses than anticipated this fiscal year.
- **Overall Total Operating Expenses for the period ending June 30, 2015 were \$14,152 below Budget.**
- **Total overall Expenses for the period ending June 30, 2015 were \$50,573 below budget. For a net ordinary income of \$9,806, budgeted vs. actual. Actual net ordinary income is \$943,286.**
- 7100 Connection Fees, \$62,133 below Budget – A total of fourteen (14) connections have been issued. Seven (7) for new construction and five (7) for Remodels. **No new connection fees for remodels were sold in June.**
- 7200 Interest Income – LAIF, \$3,938 above Budget – LAIF earned an average of \$3,000 per quarter. Earnings of \$2,000 were budgeted.
- 7700 Interest, Employee Loans, \$19,905 below Budget – Account is budgeted on the cash basis, and includes Principal & Interest payments, therefore leaving the Principal portion as the variance. Principal portion is reflected on the balance sheet by reducing the receivable.
- 9125 PNC Equipment Lease Interest, \$34,479 below Budget – Account is budgeted on the cash basis, and includes Principal & Interest payments, therefore leaving the Principal portion as the variance. Principal portion is reflected on the balance sheet by reducing the liability.
- 9175 Capital Assessment - SAM, \$27,360 above Budget – Treatment Capital payments of \$5,280 paid each month. Payments had initially been categorized in the Capital Program. However, per review of the Sewer Authority Mid-Coastside JPA. These costs are not to be capitalized by the District.
- 9200 I-Bank Loan, \$23,078 below Budget – Account is budgeted on the cash basis, and includes Principal & Interest payments, therefore leaving



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

the Principal portion as the variance. Principal portion is reflected on the balance sheet by reducing the liability.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Budget vs. Actual – Water July through June, 2015 Variances over \$2,000:**
- 4450 Mainline Extension Fees, \$10,290 above Budget – One (1) Hydrant Installation fee collected in June. Account was unbudgeted.
- 4610 Property Tax Receipts, \$194,630 above Budget – Property tax remittance of \$35,830 was received in June. The amount was split 50/50. Additional ERAF revenue collected has been allocated 100% to the Water Fund.
- 4740 Testing, Backflow, \$3,411 below Budget – Less test fees to-date than anticipated.
- 4810 Water Sales Domestic, \$165,962 below Budget – The Pillar Ridge water system operations began half way through the District's fiscal year. The budget was prepared in the belief that activities would begin at the beginning of the fiscal year. Less consumption district wide is also a major factor for the revenue shortfall.
- 4850 Water Sales Refunds, Customer, \$5,605 below Budget – Minimal activity to date.
- **Overall Total Operating Income for the period ending June 30, 2015 was \$46,467 above budget.**
- 5190 Bank Fees, \$4,019 below Budget – Lower fees than anticipated.
- 5250 Conference Attendance, \$2,022 below Budget – Less activity than anticipated for the year.
- 5270 Information Systems, \$3,213 below Budget – Less activity than anticipated to date.
- 5400 Legal, \$18,098 below Budget – Less activity than anticipated to date.
- 5610 Accounting, \$8,718 below Budget – Appears to be a lag in billing. Bills only received through April activity.
- 5620 Audit, \$2,950 below Budget – Final billing will be received at a later date.
- 5630 Consulting, \$9,518 above Budget – Invoice paid to Bartle Wells for the Water Rate Study for \$9,156 in June.
- 5640 Data Services, \$9,044 above Budget – In May there was a bill paid to Userware, Inc. for \$7,150 for annual project maintenance and support, and web hosting services.
- 5690 Other Professional Services, \$19,425 above Budget – Majority of costs are associated with the Coastside County Water District/San Vicente Project which cannot be capitalized.
- 5720, Telephone and Internet, \$3,979 above Budget – AT&T costs have risen since the beginning of the calendar year.



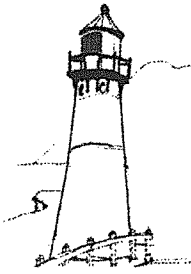
MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 5800 Labor, \$64,212 below Budget – The District's Water Utility has been operating short staffed for a portion of the fiscal year.
- 6160 Backflow Prevention, \$2,082 above Budget – More rebates issued for water conserving toilets than projected.
- 6170 Claims, Property Damage, \$10,000 below Budget – No claims to date.
- 6180 Communications, \$6,323 below Budget – Less activity than anticipated to date.
- 6195 Education & Training, \$2,255 below Budget – Less training expenses than anticipated.
- 6200 Engineering, \$4,562 below Budget – The District has seen an increase in water quality engineering expenses but these costs have been offset by lack of general engineering expenses that are not to be capitalized.
- 6320 Equipment & Tools, Expensed, \$9,012 below Budget – less purchases than anticipated.
- 6380 Meter Reading, \$10,000 below Budget – No activity to date.
- 6400 Pumping, \$3,639 below Budget – Lower costs than anticipated.
- 6500 Supply, \$16,985 below Budget – Water purchases line item is lower than anticipated.
- 6800 Vehicles, \$7,260 below Budget – Lower costs to date than anticipated in all categories; fuel, equipment and repairs.
- 6890 Other Operations, \$2,348 above Budget – No budget set up for account. Costs are made up of several small miscellaneous expenses.
- **Overall Total Operating Expenses for the period ending June 30, 2015 were \$68,098 below Budget.**
- **Total overall Expenses for the period ending June 30, 2015 were \$130,256 below budget. For a net ordinary income of \$176,723, budgeted vs. actual. Actual net ordinary income is \$948,720.**
- 7100 Connection Fees, \$50,307 above Budget – More Water Connections have been issued to customers than anticipated. A total of twenty-two (22) connections have been issued. Nineteen (21) for new construction. One (1) for remodel. **Two (2) new connections issued in June.**
- 7600 Bond Revenues, G.O. \$71,554 above Budget – GO bond revenues received from the County in June. Additional revenue anticipated to pay for G.O. Bond debt service payment.
- 8100 Water CIP, \$1,154,898 below Budget – The District is paying progress payments for the Alta Vista tank project. Total CIP costs are less than anticipated at this point.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: August 6, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 9075 PFP Connection Expenses, \$23,039 above Budget – a portion of these costs represent payment for engineering reviews which customers have paid a deposit for. A reconciliation will be performed and revenue from the deposit will be recognized to the extent of expenditure.
- 9100 Interest Expense G.O. Bonds, \$815,134 below Budget - Budget includes Principal & Interest payments, therefore leaving the Principal portion as the variance.
- 9125 PNC Equipment Lease Interest, \$34,479 below Budget - Account is budgeted on the cash basis, and includes Principal & Interest payments, therefore leaving the Principal portion as the variance. Principal portion is reflected on the balance sheet by reducing the liability.
- 9150 SRF Loan, \$55,559 below Budget – Agreement reads that interest payments will be made on reimbursements during the construction phase.

RECOMMENDATION:

This is for Board information only

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2014 through June 2015

	Sewer		\$ Over Budget	
	Jul '14 - Jun 15	Budget		
Ordinary Income/Expense				
Income				
4220 · Cell Tower Lease		31,500.00		922.28
4400 · Fees	32,422.28			
4410 · Administrative Fee (New Constr)	1,852.00	3,600.00	-1,748.00	
4420 · Administrative Fee (Remodel)	3,241.00	1,000.00	2,241.00	
4430 · Inspection Fee (New Constr)	1,748.00	3,400.00	-1,652.00	
4440 · Inspection Fee (Remodel)	4,969.00	2,000.00	2,969.00	
4460 · Remodel Fees	19,777.00	1,800.00	17,977.00	
Total 4400 · Fees	31,587.00	11,800.00		19,787.00
4610 · Property Tax Receipts	209,399.66	225,000.00	-15,600.34	
4710 · Sewer Service Charges	2,139,549.11	2,183,853.00	-44,303.89	
4720 · Sewer Service Refunds, Customer	-6,915.35	-2,000.00	-4,915.35	
4760 · Waste Collection Revenues	17,843.50	14,500.00	3,343.50	
Total Income	2,423,886.20	2,464,653.00		-40,766.80
Expense				
5000 · Administrative				
5190 · Bank Fees				
5200 · Board of Directors	4,032.82	3,100.00	932.82	
5210 · Board Meetings	2,555.82	2,500.00	55.82	
5220 · Director Fees	3,000.00	2,500.00	500.00	
Total 5200 · Board of Directors	5,555.82	5,000.00	555.82	
5250 · Conference Attendance	0.00	2,000.00	-2,000.00	
5270 · Information Systems	2,786.74	6,000.00	-3,213.26	
5300 · Insurance				
5310 · Fidelity Bond	437.50	900.00	-462.50	
5320 · Property & Liability Insurance	1,666.82	1,500.00	166.82	
Total 5300 · Insurance	2,104.32	2,400.00	-295.68	
5350 · LAFCO Assessment	1,754.00	1,600.00	154.00	
5400 · Legal				
5420 · Meeting Attendance, Legal				
5430 · General Legal	5,957.50	11,000.00	-5,042.50	
5440 · Litigation	8,625.00	20,000.00	-11,375.00	
	0.00	0.00	0.00	
Total 5400 · Legal	14,582.50	31,000.00	-16,417.50	
5510 · Maintenance, Office	3,349.54	3,000.00	349.54	
5540 · Office Supplies	8,847.29	9,000.00	-152.71	
5550 · Postage	1,213.52	4,000.00	-2,786.48	
5560 · Printing & Publishing	2,446.57	4,000.00	-1,553.43	
5600 · Professional Services				
5610 · Accounting	21,282.50	30,000.00	-8,717.50	
5620 · Audit	10,050.00	13,000.00	-2,950.00	
5630 · Consulting	16,888.88	11,500.00	5,388.88	
5640 · Data Services	5,792.04	5,500.00	292.04	
5650 · Labor & HR Support	3,085.50	2,250.00	835.50	
5660 · Payroll Services	752.67	900.00	-147.33	
5690 · Other Professional Services	10.00			
Total 5600 · Professional Services	57,861.59	63,150.00	-5,288.41	

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2014 through June 2015

	Jul '14 - Jun 15	Sewer Budget	\$ Over Budget
5710 · San Mateo Co. Tax Roll Charges	0.00	3,000.00	-3,000.00
5720 · Telephone & Internet	9,010.74	9,000.00	10.74
5730 · Mileage Reimbursement	1,136.68	1,500.00	-363.32
5740 · Reference Materials	0.00	200.00	-200.00
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	13,302.96	13,065.00	237.96
5820 · Employee Benefits	34,517.58	41,298.00	-6,780.42
5830 · Disability Insurance	1,092.27	1,139.00	-46.73
5840 · Payroll Taxes	12,919.90	13,052.00	-132.10
5900 · Wages			
5910 · Management	83,535.23	79,129.00	4,406.23
5920 · Staff	100,301.70	97,778.00	2,523.70
5930 · Staff Certification	1,800.00	1,890.00	-90.00
5940 · Staff Overtime	3,479.90	2,382.00	1,097.90
5950 · Staff Standby	928.02		
Total 5900 · Wages	190,044.85	181,179.00	8,865.85
5960 · Worker's Comp Insurance	2,558.14	7,866.00	-5,297.86
Total 5800 · Labor	254,435.70	257,589.00	-3,153.30
Total 5000 · Administrative	369,117.83	405,539.00	-36,421.17
6000 · Operations			
6170 · Claims, Property Damage	2,139.00	10,000.00	-7,861.00
6195 · Education & Training	0.00	1,000.00	-1,000.00
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	5,000.00	-5,000.00
6220 · General Engineering	70,740.75	25,000.00	45,740.75
Total 6200 · Engineering	70,740.75	30,000.00	40,740.75
6320 · Equipment & Tools, Expensed			
6330 · Facilities	0.00	1,000.00	-1,000.00
6335 · Alarm Services	4,700.73	5,000.00	-299.27
6337 · Landscaping	2,090.00	2,400.00	-310.00
Total 6330 · Facilities	6,790.73	7,400.00	-609.27
6400 · Pumping			
6410 · Pumping Fuel & Electricity	24,470.72	35,000.00	-10,529.28
Total 6400 · Pumping	24,470.72	35,000.00	-10,529.28
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	20,000.00	-20,000.00
Total 6600 · Collection/Transmission	0.00	20,000.00	-20,000.00
6800 · Vehicles			
6810 · Fuel	510.64	800.00	-289.36
6820 · Truck Equipment, Expensed	87.43	160.00	-72.57
6830 · Truck Repairs	50.84	400.00	-349.16
Total 6800 · Vehicles	648.91	1,360.00	-711.09
6890 · Other Operations	119.00		

**Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2014 through June 2015**

	Sewer		\$ Over Budget
	Jul '14 - Jun '15	Budget	
6900 · Sewer Authority Midcoastside			
6910 · SAM Collections	305,856.00	305,853.00	3.00
6920 · SAM Operations	624,024.00	624,021.00	3.00
6930 · SAM Prior Year Adjustment	-3,190.00		
6940 · SAM Maintenance, Collection Sys	54,371.04	40,000.00	14,371.04
6950 · SAM Maintenance, Pumping	25,512.18	50,000.00	-24,487.82
Total 6900 · Sewer Authority Midcoastside	1,006,573.22	1,019,874.00	-13,300.78
Total 6000 · Operations	1,111,482.33	1,125,634.00	-14,151.67
Total Expense	1,480,600.16	1,531,173.00	-50,572.84
Net Ordinary Income	943,286.04	933,480.00	9,806.04
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	142,923.00	176,488.00	-35,565.00
7120 · Connection Fees (Remodel)	23,432.00	50,000.00	-26,568.00
Total 7100 · Connection Fees	166,355.00	228,488.00	-62,133.00
7200 · Interest Income - LAIF	11,937.79	8,000.00	3,937.79
7700 · Interest, Employee Loans	4,069.58	23,974.00	-19,904.42
Total 7000 · Capital Account Revenues	182,362.37	260,462.00	-78,099.63
Total Other Income	182,362.37	260,462.00	-78,099.63
Other Expense			
8000 · Capital Improvement Program			
8075 · Sewer	823,505.38	821,923.00	1,582.38
Total 8000 · Capital Improvement Program	823,505.38	821,923.00	1,582.38
9000 · Capital Account Expenses			
9125 · PNC Equipment Lease Interest	21,861.03	56,340.00	-34,478.97
9175 · Capital Assessment - SAM	63,360.00	36,000.00	27,360.00
9200 · I-Bank Loan	29,496.61	52,575.00	-23,078.39
Total 9000 · Capital Account Expenses	114,717.64	144,915.00	-30,197.36
Total Other Expense	938,223.02	966,838.00	-28,614.98
Net Other Income	-755,860.65	-706,376.00	-49,484.65
Net Income	187,425.39	227,104.00	-39,678.61

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2014 through June 2015

	Jul '14 - Jun 15	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	32,422.28	31,500.00	922.28
4400 · Fees			
4410 · Administrative Fee (New Constr)	5,067.00	4,500.00	567.00
4420 · Administrative Fee (Remodel)	985.00	1,000.00	-15.00
4430 · Inspection Fee (New Constr)	4,833.00	4,250.00	583.00
4440 · Inspection Fee (Remodel)	929.00	850.00	79.00
4450 · Mainline Extension Fees	10,290.00		
4460 · Remodel Fees	324.00		
Total 4400 · Fees	22,428.00	10,600.00	11,828.00
4610 · Property Tax Receipts	419,630.21	225,000.00	194,630.21
4740 · Testing, Backflow	9,589.00	13,000.00	-3,411.00
4810 · Water Sales, Domestic	1,680,511.00	1,846,473.00	-165,962.00
4850 · Water Sales Refunds, Customer	-385.07	-6,000.00	5,604.93
4990 · Other Revenue	2,855.00		
Total Income	2,167,040.42	2,120,573.00	46,467.42
Expense			
5000 · Administrative			
5190 · Bank Fees	4,981.18	9,000.00	-4,018.82
5200 · Board of Directors			
5210 · Board Meetings	2,555.81	2,500.00	55.81
5220 · Director Fees	3,000.00	2,500.00	500.00
Total 5200 · Board of Directors	5,555.81	5,000.00	555.81
5240 · CDPH Fees	14,535.10	15,000.00	-464.90
5250 · Conference Attendance	2,978.42	5,000.00	-2,021.58
5270 · Information Systems	2,786.74	6,000.00	-3,213.26
5300 · Insurance			
5310 · Fidelity Bond	437.50	900.00	-462.50
5320 · Property & Liability Insurance	1,666.83	1,700.00	-33.17
Total 5300 · Insurance	2,104.33	2,600.00	-495.67
5350 · LAFCO Assessment	2,376.00	2,200.00	176.00
5400 · Legal			
5420 · Meeting Attendance, Legal	5,955.00	10,000.00	-4,045.00
5430 · General Legal	55,947.50	70,000.00	-14,052.50
5440 · Litigation	0.00	0.00	0.00
Total 5400 · Legal	61,902.50	80,000.00	-18,097.50
5510 · Maintenance, Office	3,349.54	3,000.00	349.54
5520 · Meetings, Local	298.46	0.00	298.46
5530 · Memberships	16,944.94	18,000.00	-1,055.06
5540 · Office Supplies	8,847.25	9,000.00	-152.75
5550 · Postage	8,776.48	8,000.00	776.48
5560 · Printing & Publishing	2,446.51	4,000.00	-1,553.49

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2014 through June 2015

	Water		\$ Over Budget
	Jul '14 - Jun 15	Budget	
5600 · Professional Services			
5610 · Accounting	21,282.50	30,000.00	-8,717.50
5620 · Audit	10,050.00	13,000.00	-2,950.00
5630 · Consulting	41,017.88	31,500.00	9,517.88
5640 · Data Services	9,043.93		
5650 · Labor & HR Support	3,085.50	2,250.00	835.50
5660 · Payroll Services	1,016.76	900.00	116.76
5690 · Other Professional Services	19,425.28		
Total 5600 · Professional Services	104,921.85	77,650.00	27,271.85
5720 · Telephone & Internet	11,978.73	8,000.00	3,978.73
5730 · Mileage Reimbursement	2,272.88	2,000.00	272.88
5740 · Reference Materials	0.00	800.00	-800.00
5790 · Other Administrative	247.57		
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	29,503.13	29,971.00	-467.87
5820 · Employee Benefits	51,227.05	75,902.00	-24,674.95
5830 · Disability Insurance	2,324.07	2,510.00	-185.93
5840 · Payroll Taxes	32,426.12	31,600.00	826.12
5900 · Wages			
5910 · Management	83,535.47	79,129.00	4,406.47
5920 · Staff	287,219.78	328,917.00	-41,697.22
5930 · Staff Certification	9,000.00	10,710.00	-1,710.00
5940 · Staff Overtime	47,530.07	43,468.00	4,062.07
5950 · Staff Standby	17,741.59	8,120.00	9,621.59
Total 5900 · Wages	445,026.91	470,344.00	-25,317.09
5960 · Worker's Comp Insurance	12,460.82	26,853.00	-14,392.18
Total 5800 · Labor	572,968.10	637,180.00	-64,211.90
Total 5000 · Administrative	830,272.39	892,430.00	-62,157.61
6000 · Operations			
6160 · Backflow Prevention	4,181.75	2,100.00	2,081.75
6170 · Claims, Property Damage	0.00	10,000.00	-10,000.00
6180 · Communications			
6185 · SCADA Maintenance	11,177.09	17,500.00	-6,322.91
Total 6180 · Communications	11,177.09	17,500.00	-6,322.91
6195 · Education & Training	3,745.09	6,000.00	-2,254.91
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	5,000.00	-5,000.00
6220 · General Engineering	9,673.75	45,000.00	-35,326.25
6230 · Water Quality Engineering	60,763.77	25,000.00	35,763.77
Total 6200 · Engineering	70,437.52	75,000.00	-4,562.48
6320 · Equipment & Tools, Expensed	3,987.55	13,000.00	-9,012.45
6330 · Facilities			
6335 · Alarm Services	714.91	450.00	264.91
6337 · Landscaping	3,300.00	3,600.00	-300.00
Total 6330 · Facilities	4,014.91	4,050.00	-35.09
6370 · Lab Supplies & Equipment	39.34	1,000.00	-960.66
6380 · Meter Reading	0.00	10,000.00	-10,000.00

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Water
July 2014 through June 2015

	Jul '14 - Jun 15	Water Budget	\$ Over Budget
6400 · Pumping			
6410 · Pumping Fuel & Electricity	67,478.93	60,000.00	7,478.93
6420 · Pumping Maintenance, Generators	9,580.96	15,000.00	-5,419.04
6430 · Pumping Maintenance, General	4,296.72		
6440 · Pumping Equipment, Expensed	0.00	9,996.00	-9,996.00
Total 6400 · Pumping	81,356.61	84,996.00	-3,639.39
6500 · Supply			
6510 · Maintenance, Raw Water Mains	0.00	2,000.00	-2,000.00
6520 · Maintenance, Wells	4,572.06	5,000.00	-427.94
6530 · Water Purchases	35,442.61	50,000.00	-14,557.39
Total 6500 · Supply	40,014.67	57,000.00	-16,985.33
6600 · Collection/Transmission			
6610 · Hydrants	0.00	2,000.00	-2,000.00
6620 · Maintenance, Water Mains	66,569.67	50,000.00	16,569.67
6630 · Maintenance, Water Svc Lines	16,458.37	30,000.00	-13,541.63
6640 · Maintenance, Tanks	690.11	6,500.00	-5,809.89
6650 · Maint., Distribution General	10,035.89	6,500.00	3,535.89
6660 · Maintenance, Collection System	619.74		
6670 · Meters	4,805.10	5,000.00	-194.90
Total 6600 · Collection/Transmission	99,178.88	100,000.00	-821.12
6700 · Treatment			
6710 · Chemicals & Filtering	27,110.17	21,000.00	6,110.17
6720 · Maintenance, Treatment Equip.	1,976.18	7,500.00	-5,523.82
6730 · Treatment Analysis	20,637.08	23,000.00	-2,362.92
Total 6700 · Treatment	49,723.43	51,500.00	-1,776.57
6770 · Uniforms			
6770 · Uniforms	9,602.99	8,500.00	1,102.99
6800 · Vehicles			
6810 · Fuel	6,557.47	9,000.00	-2,442.53
6820 · Truck Equipment, Expensed	1,097.94	2,000.00	-902.06
6830 · Truck Repairs	584.70	4,500.00	-3,915.30
Total 6800 · Vehicles	8,240.11	15,500.00	-7,259.89
6890 · Other Operations			
6890 · Other Operations	2,347.69		
Total 6000 · Operations	388,047.63	456,146.00	-68,098.37
Total Expense	1,218,320.02	1,348,576.00	-130,255.98
Net Ordinary Income			
Other Income/Expense		771,997.00	771,997.00
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	104,343.50	72,800.00	31,543.50
7120 · Connection Fees (Remodel)	2,757.00	2,900.00	-143.00
7130 · Conn. Fees, PFP (New Constr)	66,106.00	38,100.00	28,006.00
7140 · Conn. Fees, PFP (Remodel)	0.00	9,100.00	-9,100.00
Total 7100 · Connection Fees	173,206.50	122,900.00	50,306.50

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2014 through June 2015

	Jul '14 - Jun 15	Water Budget	\$ Over Budget
7400 · State Revolving Fund Loan	1,187,291.00		
7600 · Bond Revenues, G.O.	1,221,990.17	1,150,436.00	71,554.17
Total 7000 · Capital Account Revenues	2,582,487.67	1,273,336.00	1,309,151.67
Total Other Income	2,582,487.67	1,273,336.00	1,309,151.67
Other Expense			
8000 · Capital Improvement Program	2,041,565.13	3,196,463.00	-1,154,897.87
8100 · Water	2,041,565.13	3,196,463.00	-1,154,897.87
Total 8000 · Capital Improvement Program	2,041,565.13	3,196,463.00	-1,154,897.87
9000 · Capital Account Expenses			
9075 · PFP Connection Expenses	23,039.21		
9100 · Interest Expense - GO Bonds	335,301.71	1,150,436.00	-815,134.29
9125 · PNC Equipment Lease Interest	21,861.00	56,340.00	-34,479.00
9150 · SRF Loan	46,530.51	102,090.00	-55,559.49
Total 9000 · Capital Account Expenses	426,732.43	1,308,866.00	-882,133.57
Total Other Expense	2,468,297.56	4,505,329.00	-2,037,031.44
Net Other Income	114,190.11	-3,231,993.00	3,346,183.11
Net Income	1,062,910.51	-2,459,996.00	3,522,906.51

Montara Water & Sanitary District
Funds Balance Sheet
As of June 30, 2015

	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	1,911,939.02	0.00	1,911,939.02
LAIF Investment Fund			
Capital Reserve	3,789,563.62	0.00	3,789,563.62
Connection Fees Reserve	228,488.00	0.00	228,488.00
Operating Reserve	255,195.00	0.00	255,195.00
Total LAIF Investment Fund	<u>4,273,246.62</u>	<u>0.00</u>	<u>4,273,246.62</u>
Total Sewer - Bank Accounts	6,185,185.64	0.00	6,185,185.64
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	469,482.32	469,482.32
Capital Reserve	0.00	398,249.00	398,249.00
Operating Reserve	0.00	224,763.00	224,763.00
Restricted Cash			
Acq & Improv Fund	0.00	436.13	436.13
Connection Fees Reserve	0.00	122,488.00	122,488.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	1,261,950.83	1,261,950.83
Total Restricted Cash	<u>0.00</u>	<u>1,384,997.90</u>	<u>1,384,997.90</u>
Total Water - Bank Accounts	0.00	2,477,492.22	2,477,492.22
Total Checking/Savings	6,185,185.64	2,477,492.22	8,662,677.86
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	2,259.15	0.00	2,259.15
Total Sewer - Accounts Receivable	2,259.15	0.00	2,259.15
Water - Accounts Receivable			
Accounts Receivable	0.00	-1,124.53	-1,124.53
Accounts Rec. - Backflow	0.00	8,303.51	8,303.51
Accounts Rec. - Water Residents	0.00	99,018.88	99,018.88
Unbilled Water Receivables	0.00	208,205.63	208,205.63
Total Water - Accounts Receivable	<u>0.00</u>	<u>314,403.49</u>	<u>314,403.49</u>
Total Accounts Receivable	2,259.15	314,403.49	316,662.64
Other Current Assets			
Maint/Parts Inventory	0.00	42,656.32	42,656.32
Total Other Current Assets	<u>0.00</u>	<u>42,656.32</u>	<u>42,656.32</u>
Total Current Assets	6,187,444.79	2,834,552.03	9,021,996.82
Fixed Assets			
Sewer - Fixed Assets			
General Plant	1,092,847.84	0.00	1,092,847.84
Land	5,000.00	0.00	5,000.00
Other Capital Improv.			
Sewer-Original Cost	685,599.18	0.00	685,599.18
Other Cap. Improv.	2,564,810.39	0.00	2,564,810.39
Total Other Capital Improv.	<u>3,250,409.57</u>	<u>0.00</u>	<u>3,250,409.57</u>
Seal Cove Collection System	995,505.00	0.00	995,505.00
Sewage Collection Facility			
Collection Facility - Org. Cost	1,349,064.00	0.00	1,349,064.00
Collection Facility - Other	3,991,243.33	0.00	3,991,243.33
Total Sewage Collection Facility	<u>5,340,307.33</u>	<u>0.00</u>	<u>5,340,307.33</u>

Montara Water & Sanitary District
Funds Balance Sheet
As of June 30, 2015

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-6,417,969.00	0.00	-6,417,969.00
Total Sewer - Fixed Assets	4,510,640.58	0.00	4,510,640.58
Water - Fixed Assets			
General Plant	0.00	21,984,938.43	21,984,938.43
Land & Easements	0.00	734,500.00	734,500.00
Surface Water Rights	0.00	300,000.00	300,000.00
Water Meters	0.00	1,058,985.00	1,058,985.00
Fixed Assets - Other	0.00	48,171.78	48,171.78
Accumulated Depreciation	0.00	-7,179,767.00	-7,179,767.00
Total Water - Fixed Assets	0.00	16,946,828.21	16,946,828.21
Total Fixed Assets	4,510,640.58	16,946,828.21	21,457,468.79
Other Assets			
Sewer - Other Assets			
Due from Water Fund	1,173,739.18	0.00	1,173,739.18
Employee Loan	93,770.92	0.00	93,770.92
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
Total Joint Power Authority	2,687,547.08	0.00	2,687,547.08
Total Sewer - Other Assets	3,955,057.18	0.00	3,955,057.18
Water - Other Assets			
Bond Acquisition Cost OID	0.00	67,408.40	67,408.40
Bond Issue Cost	0.00	71,973.35	71,973.35
Total Water - Other Assets	0.00	139,381.75	139,381.75
Total Other Assets	3,955,057.18	139,381.75	4,094,438.93
TOTAL ASSETS	14,653,142.55	19,920,761.99	34,573,904.54
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Sewer - Current Liabilities			
Interest Payable	12,268.68	0.00	12,268.68
Deposits Payable	14,417.00	0.00	14,417.00
Total Sewer - Current Liabilities	26,685.68	0.00	26,685.68
Water - Current Liabilities			
Interest Payable	0.00	59,751.68	59,751.68
Accrued Interest	0.00	81,799.58	81,799.58
Deposits Payable	0.00	24,909.04	24,909.04
PFP Water Deposits	0.00	4,302.50	4,302.50
Total Water - Current Liabilities	0.00	170,762.80	170,762.80
Payroll Liabilities			
Employee Benefits Payable	1,658.06	2,319.19	3,977.25
Total Payroll Liabilities	1,658.06	2,319.19	3,977.25
Total Other Current Liabilities	28,343.74	173,081.99	201,425.73
Total Current Liabilities	28,343.74	173,081.99	201,425.73

Montara Water & Sanitary District
Funds Balance Sheet
As of June 30, 2015

Long Term Liabilities

Sewer - Long Term Liabilities

Accrued Vacations	16,282.33	0.00	16,282.33
I-Bank Loan	866,464.43	0.00	866,464.43
PNC Equip. Loan - L/T	722,142.19	0.00	722,142.19

Total Sewer - Long Term Liabilities	<u>1,604,888.95</u>	<u>0.00</u>	<u>1,604,888.95</u>
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Water - Long Term Liabilities

Accrued Vacations	0.00	19,088.15	19,088.15
Deferred on Refunding	0.00	-261,800.00	-261,800.00
Due to Sewer Fund	0.00	1,173,739.18	1,173,739.18
GO Bonds - L/T	0.00	13,169,294.76	13,169,294.76
PNC Equip. Loan - L/T	0.00	722,142.21	722,142.21
SRF Loan Payable	0.00	609,552.51	609,552.51

Total Water - Long Term Liabilities	<u>0.00</u>	<u>15,432,016.81</u>	<u>15,432,016.81</u>
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Total Long Term Liabilities	<u>1,604,888.95</u>	<u>15,432,016.81</u>	<u>17,036,905.76</u>
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Total Liabilities	<u>1,633,232.69</u>	<u>15,605,098.80</u>	<u>17,238,331.49</u>
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Equity

Sewer - Equity Accounts

Capital Assets Net	2,861,800.00	0.00	2,861,800.00
Fund Balance - Unrestricted	9,192,745.07	0.00	9,192,745.07
Retained Earnings	370,353.98	0.00	370,353.98

Total Sewer - Equity Accounts	<u>12,424,899.05</u>	<u>0.00</u>	<u>12,424,899.05</u>
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Water - Equity Accounts

Capital Assets Net	0.00	1,935,608.00	1,935,608.00
Restricted Debt Service	0.00	1,471,248.00	1,471,248.00
Unrestricted	0.00	-715,800.99	-715,800.99
Retained Earnings	0.00	-370,353.98	-370,353.98

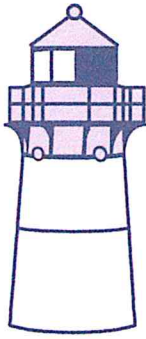
Total Water - Equity Accounts	<u>0.00</u>	<u>2,320,701.03</u>	<u>2,320,701.03</u>
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Equity Adjustment Account	407,585.42	932,051.65	1,339,637.07
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Net Income	187,425.39	1,062,910.51	1,250,335.90
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Total Equity	<u>13,019,909.86</u>	<u>4,315,663.19</u>	<u>17,335,573.05</u>
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TOTAL LIABILITIES & EQUITY	<u><u>14,653,142.55</u></u>	<u><u>19,920,761.99</u></u>	<u><u>34,573,904.54</u></u>
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MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: SAM Flow Report for June 2015

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written over the subject line and extending to the right.

The Sewer Authority Mid-Coastside (SAM) has prepared the following attached reports for the SAM Board of Directors and the California Regional Water Quality Control Board:

- Flow Report for June 2015.
- Collection System Monthly Overflow Report – June 2015.

The Average Daily Flow for Montara was 0.249 MGD in June 2015. There was no reportable overflow in June in the Montara System. SAM indicates there were 0.16 inches of rain in June 2015.

RECOMMENDATION:

Review and file.

Attachments

Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, June 2015

June 2015

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	0	0	0	0	0
Grease	0	0	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
Total	0	0	0	0	0
		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

12 Month Moving Total

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	4	0	1	3	0
Grease	1	1	0	0	0
Mechanical	3	0	0	2	1
Wet Weather	1	1	0	0	0
Other	4	2	0	2	0
Total	13	4	1	7	1
		31%	8%	54%	8%

Reportable SSOs

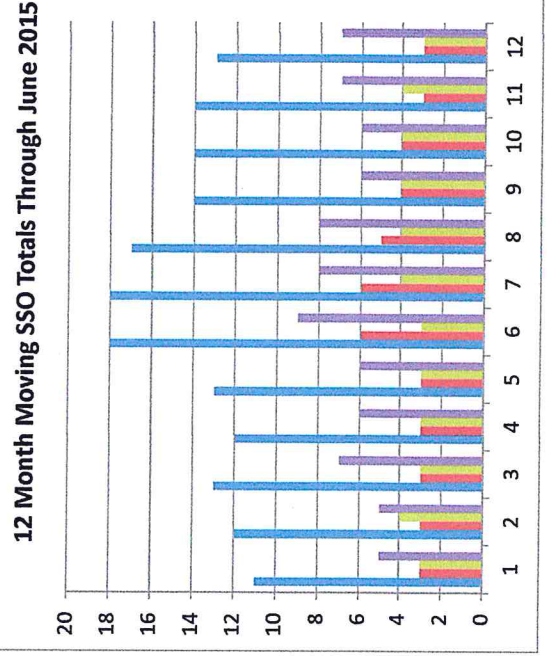
	Total	Number			
		HMB	GCSD	MWSD	SAM
June 2015	0	0	0	0	0
12 Month Moving Total	13	4	1	7	1

SSOs / Year / 100 Miles

	Total	Number			
		HMB	GCSD	MWSD	SAM
June 2015	0.0	0.0	0.0	0.0	0.0
12 Month Moving Total	12.4	10.8	3.0	25.9	13.7
Category 1	2.9	2.7	0.0	3.7	13.7
Category 2	2.9	5.4	0.0	3.7	0.0
Category 3	6.7	2.7	3.0	18.5	0.0
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
Jul-14	24,195	23,571	898	48,664	9.2
Aug-14	29,987	18,644	0	48,631	9.2
Sep-14	18,330	24,438	1,545	44,313	8.4
Oct-14	36,513	2,217	379	39,109	7.4
Nov-14	24,566	1,319	3,334	29,219	5.5
Dec-14	35,635	2,604	0	38,239	7.2
Jan-15	7,981	18,083	22,222	48,286	9.1
Feb-15	4,134	14,324	21,170	39,628	7.5
Mar-15	5,127	10,476	18,072	33,675	6.4
Apr-15	4,069	24,727	25,006	53,802	10.2
May-15	5,273	22,269	29,550	57,092	10.8
June-15	21,965	16,335	2,161	40,461	7.7
Annual ft	217,775	179,007	124,337	521,119	
Annual Mi.	41.2	33.9	23.5		98.7



Attachment A

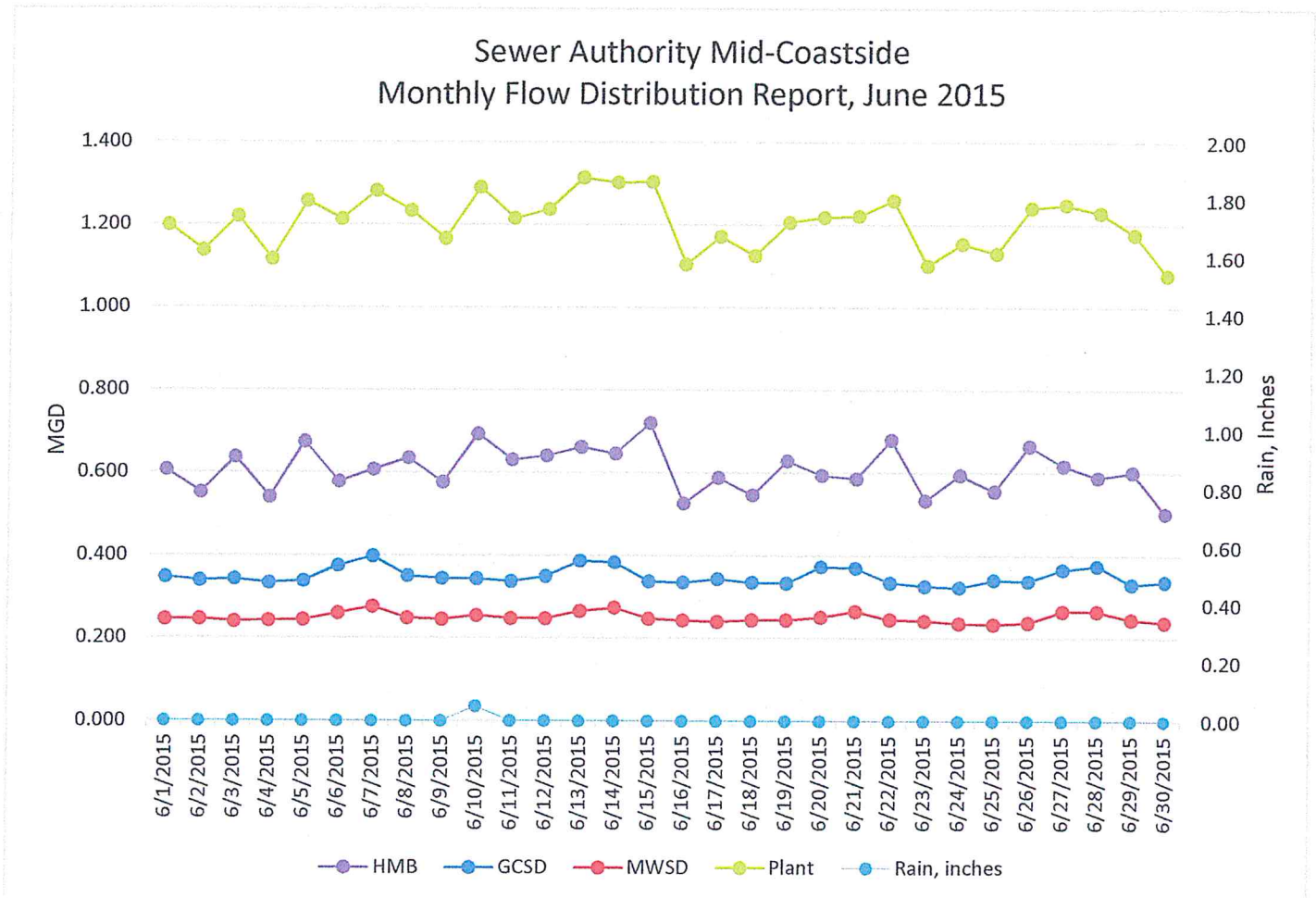
Flow Distribution Report Summary For June 2015

The daily flow report figures for the month of June 2015 have been converted to an Average Daily Flow (ADF) for each Member Agency. The results are attached for your review.

*Influent flow is calculated using the mid-plant flow meter less process water and trucked in waste

The summary of the ADF information is as follows:

	<u>MGD</u>	<u>%</u>
The City of Half Moon Bay	0.607	50.4%
Granada Community Services District	0.349	28.9%
Montara Water and Sanitary District	<u>0.249</u>	<u>20.7%</u>
Total	1.205	100.0%



Sewer Authority Mid-Coastside

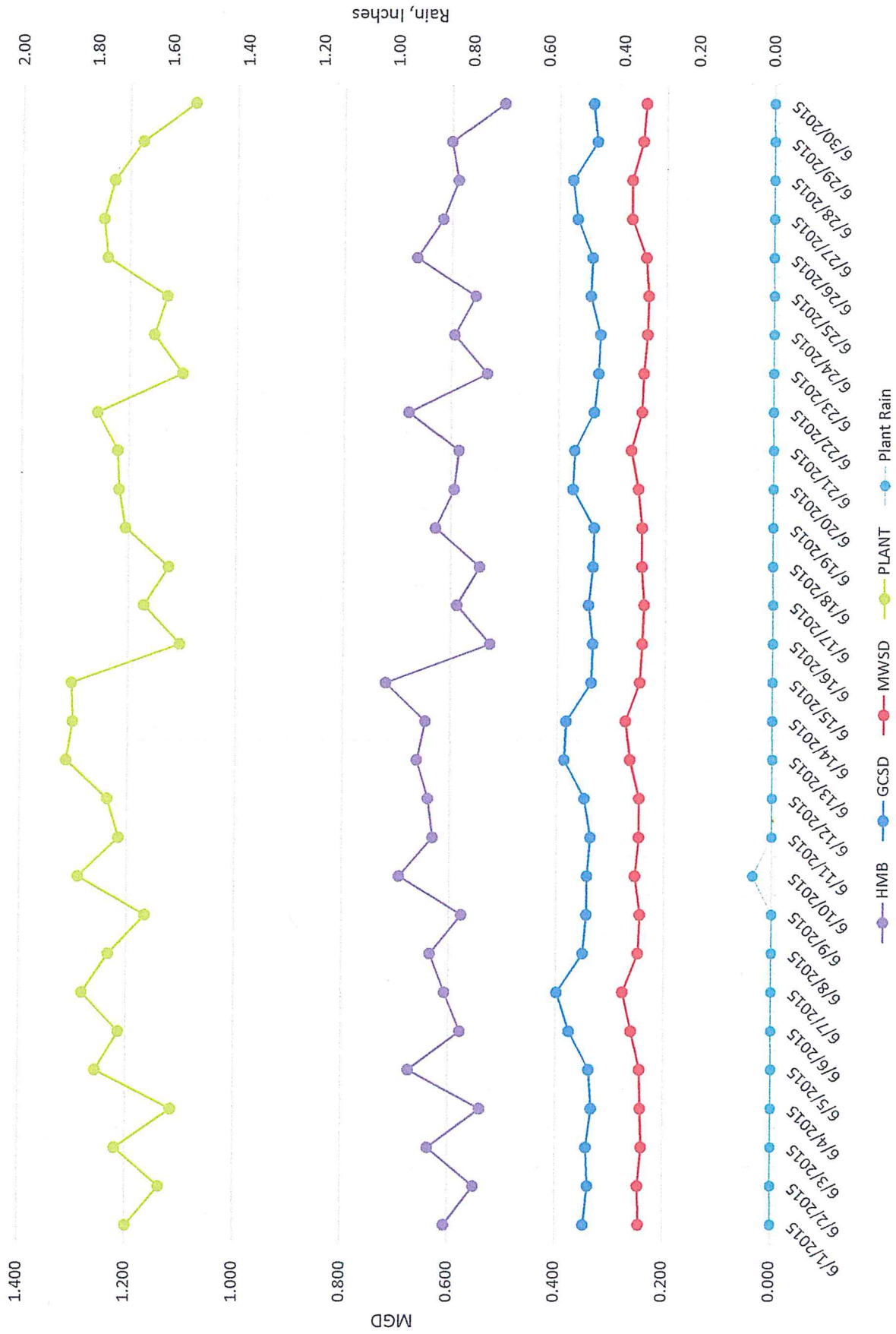
Monthly Flow Distribution Report

<u>Date</u>	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>	<u>Rain Plant</u>	<u>Rain Portola</u>	<u>Rain Montara</u>
6/1/2015	0.607	0.347	0.245	1.199	0.00	0.01	0.04
6/2/2015	0.552	0.339	0.246	1.137	0.00	0.02	0.00
6/3/2015	0.638	0.342	0.240	1.220	0.00	0.00	0.00
6/4/2015	0.541	0.333	0.242	1.116	0.00	0.00	0.00
6/5/2015	0.675	0.338	0.244	1.257	0.00	0.00	0.00
6/6/2015	0.579	0.375	0.260	1.214	0.00	0.00	0.00
6/7/2015	0.608	0.398	0.276	1.282	0.00	0.00	0.00
6/8/2015	0.636	0.350	0.248	1.234	0.00	0.00	0.00
6/9/2015	0.577	0.344	0.245	1.166	0.00	0.00	0.00
6/10/2015	0.694	0.343	0.254	1.291	0.05	0.05	0.12
6/11/2015	0.631	0.337	0.247	1.215	0.00	0.05	0.00
6/12/2015	0.641	0.349	0.247	1.237	0.00	0.00	0.00
6/13/2015	0.662	0.387	0.265	1.314	0.00	0.00	0.00
6/14/2015	0.646	0.383	0.273	1.303	0.00	0.00	0.00
6/15/2015	0.720	0.337	0.247	1.305	0.00	0.00	0.00
6/16/2015	0.526	0.335	0.243	1.104	0.00	0.00	0.00
6/17/2015	0.589	0.343	0.240	1.172	0.00	0.00	0.00
6/18/2015	0.546	0.335	0.244	1.125	0.00	0.00	0.00
6/19/2015	0.629	0.333	0.244	1.206	0.00	0.00	0.00
6/20/2015	0.594	0.373	0.251	1.219	0.00	0.00	0.00
6/21/2015	0.586	0.370	0.265	1.221	0.00	0.00	0.00
6/22/2015	0.680	0.334	0.245	1.259	0.00	0.00	0.00
6/23/2015	0.533	0.326	0.242	1.102	0.00	0.00	0.00
6/24/2015	0.595	0.323	0.236	1.154	0.00	0.00	0.00
6/25/2015	0.556	0.341	0.234	1.131	0.00	0.00	0.00
6/26/2015	0.665	0.338	0.238	1.241	0.00	0.00	0.00
6/27/2015	0.617	0.366	0.265	1.249	0.00	0.00	0.00
6/28/2015	0.589	0.375	0.265	1.229	0.00	0.00	0.00
6/29/2015	0.601	0.330	0.245	1.177	0.00	0.00	0.00
6/30/2015	0.502	0.337	0.239	1.079	0.00	0.00	0.00
Totals	18.217	10.465	7.475	36.156	0.05	0.13	0.16

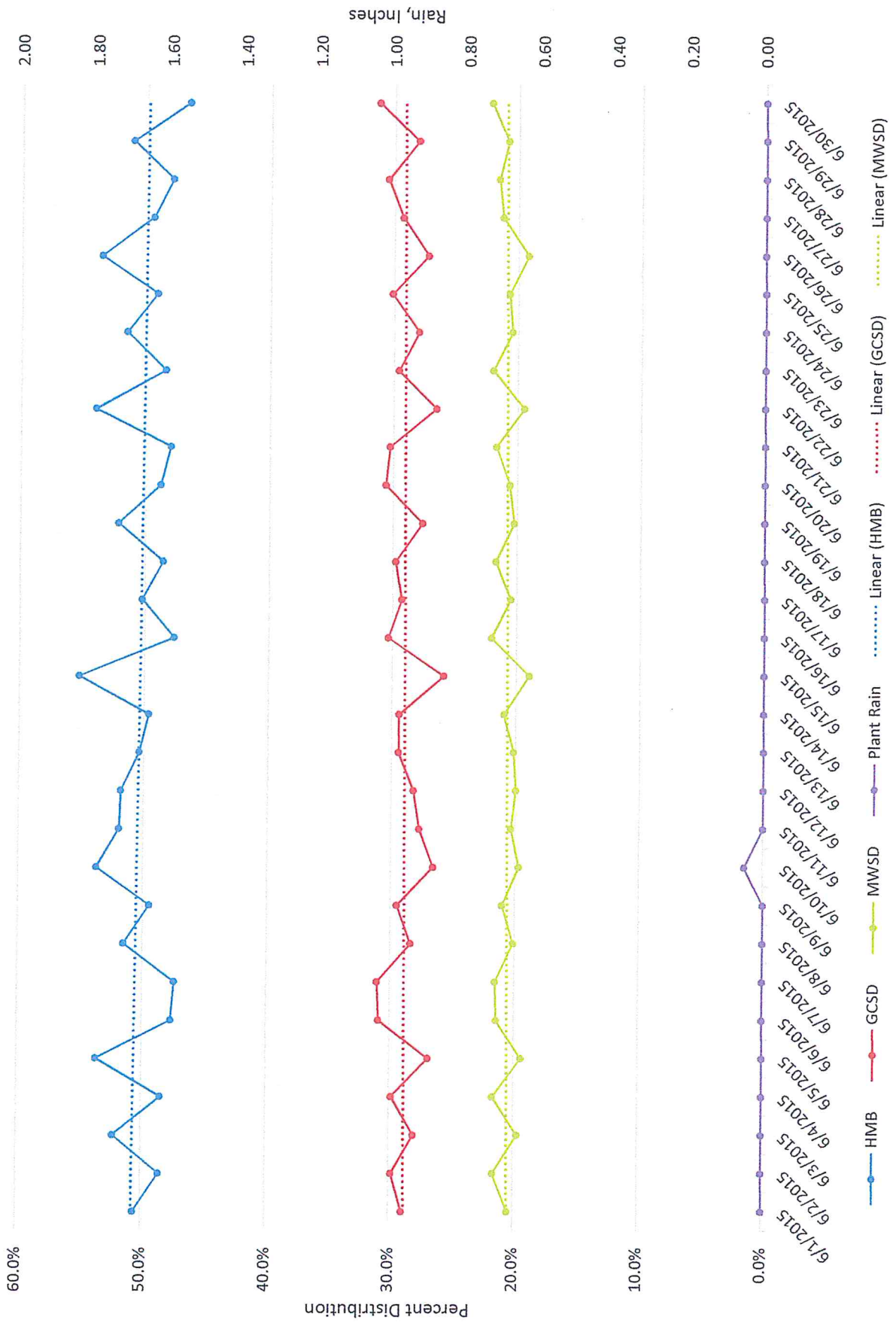
Summary

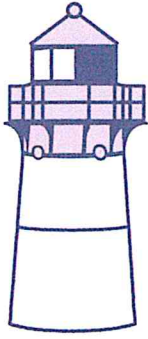
	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.502	0.323	0.234	1.079
Average	0.607	0.349	0.249	1.205
Maximum	0.720	0.398	0.276	1.314
Distribution	50.4%	28.9%	20.7%	100.0%

Sewer Authority Mid-Coastside Monthly Flow Distribution Report, June 2015



Percent Distribution June 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review of Current Investment Portfolio

The District's Investment Policy and Guidelines requires that the Board review the status of the current investment portfolio. The following summarizes the status of these accounts:

- The District has most of its idle sewer funds deposited in the State of California's Local Agency Investment Fund (LAIF). The Monthly Average interest rate for June 2015 was 0.299%.
- The District has one checking account with Wells Fargo Bank for Water and Sewer Funds that is largely backed by Federal securities.

RECOMMENDATION:

District staff attempts to cash manage idle funds in LAIF as long as possible before transferring to the Wells Fargo checking accounts for disbursements.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

SUBJECT: Connection Permit Applications Received

As of Aug. 6, 2015 the following new Sewer Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of Aug. 6, 2015 the following new Water (Private Fire Sprinkler) Connection Permit applications were received since the last report:

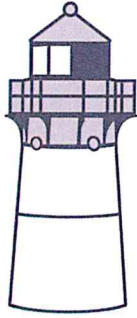
Date of Application	Property Owner	Site Address	Home Size

As of Aug. 6, 2015 the following new Water Connection Permit applications were received since the last report:

Date of App.	Property Owner	Site Address	Home Size	Type of Connection

RECOMMENDATION:

No action is required. This is for Board information only.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6th, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Water Production Report

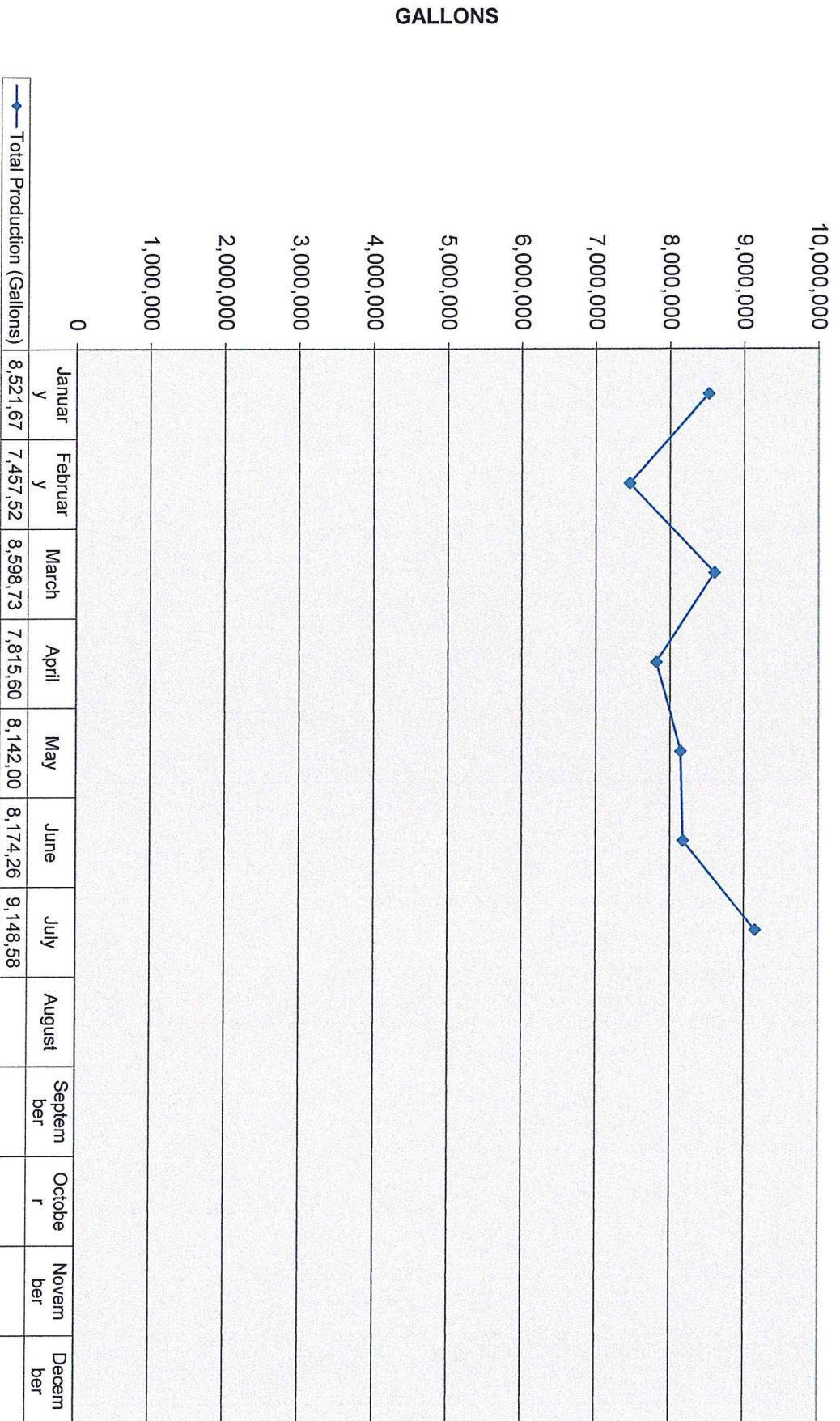
The attached two charts summarize the monthly water production for the District. The first shows a consolidated report from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

RECOMMENDATION:

No action is required. This information is presented for the Board's information only.

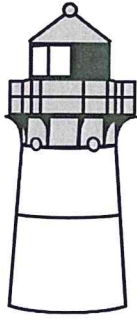
Attachments

Total Production 2015(Gallons)



GALLONS

MONTH



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6th, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written over the 'FROM' line.

SUBJECT: Rain Report

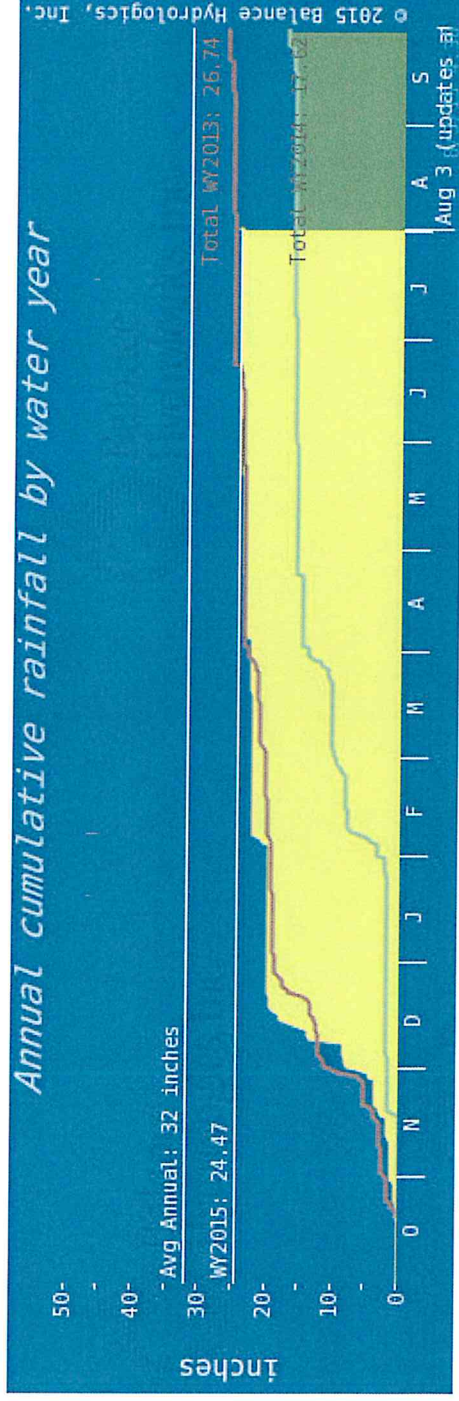
The attached chart shows the monthly rainfall at the Alta Vista Treatment Plant for the current and prior fiscal years along with the seven year average of rainfall.

RECOMMENDATION:

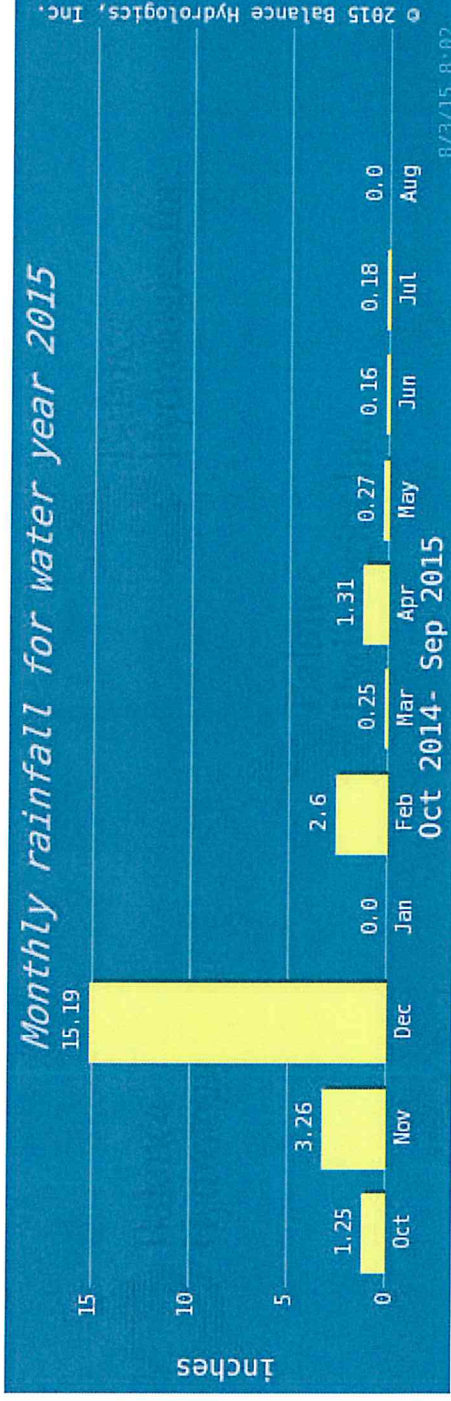
No action is required. This is presented for the Board's information only.

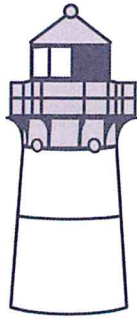
Attachment

Annual Cumulative Rainfall



Monthly Rainfall Report Oct 2014 – Sept 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6th, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Solar Energy Report

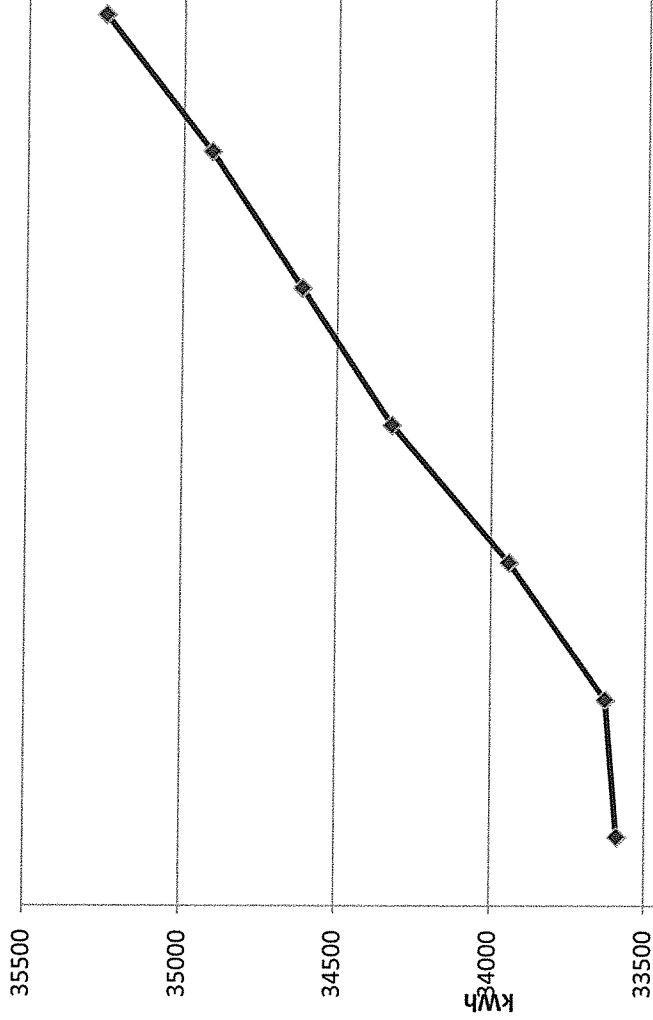
The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 35252 kWh and saved 59928 lbs of CO₂.

RECOMMENDATION:

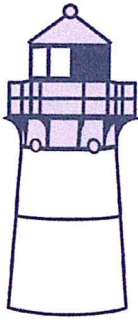
No action is required. This information is presented for the Board's information only.

Attachments

SOLAR ENERGY PRODUCED IN 2015 (kWh)



2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	33588	33627	33941	34321	34613	34908	35252					



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Filing the Notice of Completion for PUMP STATION CONTROL PANEL UPGRADES – PHASE 1

On March 6, 2014, the Board approved the Telstar, Inc., the low bid, for Pump Station Control Panel Upgrades – Phase 1 in the amount of \$83,670 for the increase reliability and redundancy six (6) District Pump Stations (Vallemar, California St, Seal Cove #1, #2, #3, #4, and Date Harte). At that time of award the Board requested prices for upgrading some material quality to stainless steel and for prices for upgrading the remainder of the pump stations budgeted in Phase 2 of the project.

CHANGE ORDERS 1, 4 and 5: Materials upgrades to the MCC cabinet to 316L Stainless Steel and replacement of other corroded PGE related components, meter boxes and ATS to new Code: \$51,151.35.

CHANGE ORDER 2 and 3: Replace the rusted MCC at 7th street and add improvements to Airport and other stations planned in Phase 2: \$92,081.09.

The budgeted for Phase 1 work was \$245,000, and the Engineers Estimate for Construction was \$225,000. The budgeted for Phase 2 of the work was \$140,000 with an Engineer's Estimate for Construction of \$125,000. The Combined budgeted amount for this work was \$385,000 with a construction cost estimate of \$350,000.

The final cost for the completed construction contract including work from Phase 1, Phase 2 and additional ATS and PGE Code required upgrades (not originally budgeted) was \$226,902.44 (or 64% of the projected construction cost.)

Nute Engineering has reviewed the proposed Change Order documents and recommends award of CHANGE ORDER 1 and CHANGE ORDER 2 to be added to the Base Bid for a new contract amount of \$226,902.44.

RECOMMENDATION:

Authorize the General Manager to file of the Notice of Completion with the County Recorder start the 35 day lien release period.

Attachments

Recorded at the Request of:
Montara Water and Sanitary District

When Recorded Mail to:
Montara Water and Sanitary District
P. O. Box 370131
Montara, CA 949037

Space above this Line for Recorder's Use

NOTICE OF COMPLETION

MONTARA WATER AND SANITARY DISTRICT
SAN MATEO COUNTY, CALIFORNIA

PUMP STATION CONTROL UPGRADES
- PHASE 1

NOTICE IS HEREBY GIVEN, Pursuant to Section 3093 of the Civil Code of the State of California, that Pippin Cavagnaro, for and behalf of Nute Engineering, Engineer for the Montara Water and Sanitary District, San Mateo County, California, on the 10th day of June, 2015, did file with the Secretary of said District a Statement of Completion of the following described work, the contract for doing which was awarded to Pacific Trenchless, Inc. and entered into on March 6, 2014.

That said work and improvements are public improvements owned and held by said Sanitary District for the benefit of the public, and were actually completed on June 10, 2015. Acceptance of completion of said work was ordered by the District Board on August 6, 2015 and the name of the surety on the contractor's faithful performance bond for said project is RLI Insurance Company of Illinois.

That said work and improvements consisted of the performing of all work and furnishing of all labor, materials, equipment for the *Pump Station Control Upgrades-Phase 1*, all as more particularly described in the plans and specifications approved by the Board of Directors of said District.

The site of the construction and improvements was in and around Montara and Moss Beach, CA.

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

OWNER: Montara Water and Sanitary District
P. O. Box 370131
Montara, CA 94037

Dated: _____, 2015

Clemens Heldmaier
General Manager
Montara Water and Sanitary District



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written over the printed name.

**SUBJECT: Review and Possible Action Concerning
California Special Districts Association 2015
Board Elections.**

The annual elections to the California Special Districts Association (CSDA) are being held by mail. The ballot has been provided by CSDA and must be submitted by August 7, 2015. There are six regional divisions each with three Board members elected by those in their division. The position up for election is Seat A in Region 3 which serves the San Francisco Bay Area. The Board passed a resolution supporting Director Slater-Carter's candidacy.

RECOMMENDATION:

Recommend a suitable candidate and authorize the General Manager to submit the ballot for Seat A in Region 3.

Attachment



**California Special
Districts Association**
Districts Stronger Together

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

2015 BOARD ELECTIONS

MAIL BALLOT INFORMATION

Dear Member:

A mail ballot has been enclosed for your district's use in voting to elect a representative to the CSDA Board of Directors in your Network for Seat A. Each of CSDA's six (6) networks has three seats on the Board. Each of the candidates is either a board member or management-level employee of a member district located in your network. Each Regular Member (district) in good standing shall be entitled to vote for one (1) director to represent its network.

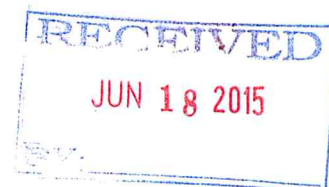
We have enclosed the candidate information for each candidate who submitted one. Please vote for **only one** candidate to represent your network in Seat A and be sure to sign, date and fill in your member district information. If any part of the ballot is not complete, the ballot will not be valid and will not be counted.

Please utilize the enclosed return envelope to return the completed ballot. Ballots must be received at the CSDA office at 1112 I Street, Suite 200, Sacramento, CA 95814 by **5:00pm on Friday, August 7, 2015**.

If you do not use the enclosed envelope, please mail in your ballot to:

California Special Districts Association
Attn: 2015 Board Elections
1112 I Street, Suite 200
Sacramento, CA 95814

Please contact Charlotte Lowe toll-free at 877.924.CSDA or charlottel@cdda.net with any questions.





Hello!

My Name is Dr. Robert L. "Bob" Blair,

I am one of the candidates running for Seat A in the Coastal Network of the California Special Districts Association.

Why should you elect me over the other aspiring CSDA Candidates?

1. I have prior experience. I served on the CSDA Board as a representative of Region 4 from 2002 to 2004. During that time, I served on the committee that returned the ERAF money to the Cities, Counties, & Special Districts.
2. I hold a Doctor of Pharmacy Degree from the University of California Medical Center in San Francisco (UCSF) and an AA degree from San Francisco City College. I also hold two valid Pharmacy licenses (California & Nevada).
3. I have been married to my wife Eileen for over 60 years. Together we have raised three very successful adult children: Lisa, Lodene & James.
4. I served on the NCSB Board of Directors from 1994 to 2004. In 2012, I ran a successful campaign, was the top vote getter by a large margin, and returned to the NCSB for 4 more years.
5. I have a strong longtime personal relationship with our current 35th District Assemblyman Katcho Achadjian. Katcho and I both ran for local office in San Luis Obispo County in 1994.
6. I never missed a meeting when I represented CSDA Region 4 in 2002-2004. I will give you 100% of my time, if you give me your Vote in this coming election.
7. I have been involved in Water, Land use, and planning at the State & Local levels for some 35 years. Please let me put my many talents and experience to work for all the people of Coastal Network.

Please vote to put "Dr. Bob back on the job". Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert L. Blair".

Dr. Robert L. "Bob" Blair
Director Nipomo Community Service District

Active member of:

San Luis Obispo Sheriff Advisory Council
Nipomo Chamber of Commerce
CA Sheriff's Association

Candidate Statement for Peter Le

"Peter is a California licensed Civil Engineer with over 30 years of experience including water and wastewater. The majority of his experience was with local governments in the US and a few years in New Zealand and Australia.

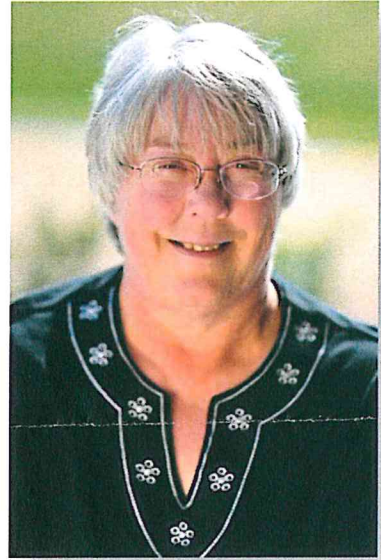
Elected in 2012, Peter completed the entire CSDA modules for elected Directors. He attended CSDA, ACWA and AWWA annual conferences.

Peter received his Bachelor of Civil Engineering from University of Auckland in 1978 and Executive Master of Public Administration from Golden Gate University in 2007. He previously hold California wastewater license and QSD/QSP".

My Fellow CSDA Members,

I am requesting your support for my election as representative to the California Special Districts Association (CSDA), Board of Directors for the Coastal Network.

As the current Chairperson of the Board of Directors for the Pleasant Valley Recreation and Park District (PVRPD), I support CSDA's on-going efforts to offer educational classes and informative conferences and their active monitoring of legislative and policy proposals that greatly affect District operations. Through my involvement with CSDA I actively serve on the Fiscal and Audit Committees and Legislative Feedback group and have previously served on the By-laws and Elections Committee.



Elaine Magner

If elected, I will work with the other Board Members and CSDA staff to increase memberships, lower membership fees and other expenses, and continue to enhance the service provided to the member agencies.

I have been on the PVRPD Board of Directors since February 2008. I have served as Board President twice, serve on the Personnel and Finance committees and am PVRPD's representative to the Ventura County Special Districts Association (VCSDA) and CSDA. I was honored by VCSDA by being named the 2014 Director of the Year. I worked in Public Service for 31 years in law enforcement Human Resources. Additionally, I worked as a contract investigator for the Department of Justice for 10 years following my retirement. My experience on the Pleasant Valley Recreation and Park District (PVRPD) Board of Directors and my work as a public servant has provided me with a solid foundation of experience and prepared me to represent your District's interests on the CSDA Board of Directors.

I would appreciate the opportunity to serve as a Coastal Network representative on the CSDA Board of Directors and respectfully ask for your vote.

Sincerely,

Elaine L. Magner, Director
Pleasant Valley Recreation and Park District

CSDA BOARD OF DIRECTORS 2015 ELECTION



**COASTAL
NETWORK**

SEAT A
term ends 2018

Please vote for only one.

- Robert Blair**
Nipomo Community Services District
- Peter Le**
Marina Coast Water District
- Elaine Magner**
Pleasant Valley Recreation & Park District

All ballots must be completed for ballot to be counted.

** incumbent running for re-election*

SIGNATURE:	DATE:
MEMBER DISTRICT:	

Must be received by 5pm, August 7, 2015. CSDA, 1112 I Street, Suite 200, Sacramento, CA 95814



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Authorization to Amend SWRCB SRF Funding Agreement SRF12CX109 (SRF-022)

The Montara Water and Sanitary District (MWSD or District) State Revolving Fund (SRF) Funding Agreement SRF12CX109 was executed with the State Water Resources Control Board (SWRCB or State) in November 2012 to support the construction of several important capital improvement projects, and is currently under review with the State's Division of Financial Assistance (DFA) for a proposed increase in the loan amount

MWSD submitted an application to obtain financing from the State in 2005/2006 for the *Existing Water Supply Deficiency Mitigation Project* (SRF-022), and received a Notice of Application Acceptance (NOAA) from the State in 2007. The SRF-022 funding application included funding for three significant capital improvement projects:

1. Construction of the Alta Vista Well;
2. Construction of the Schoolhouse Tank East; and
3. Construction of the Alta Vista Tank.

MWSD signed Funding Agreement SRF12CX109 with the State in November 2012 based on the SRF-022 application. The agreement specifies that the total project cost is \$4,515,000, consisting of a loan from SRF in the amount of \$2,920,000 and "Supplier Costs" (MWSD) in the amount of \$1,595,000. As the District has constructed the projects within the scope of SRF-022, claims have been submitted to the State for reimbursement of these expenditures.

Based on recent conversations with the SWRCB DFA, the District staff has learned that it was viable to increase the current loan amount (\$2,920,000) to receive State funding for items previously listed as "Supplier's Costs". These "Supplier's Costs" have already been expended by the District for the planning, design, and construction associated with the three (3) capital improvement projects, and therefore will be eligible for immediate reimbursement upon amending the agreement.

District staff proposes to increase the SRF loan amount by \$1,001,000, raising the portion to be covered by the State from \$2,920,000 to \$3,921,000. The total project cost (\$4,515,000) will remain the same, however, the loan amount and percentage covered by the State will increase. Table 1 summarizes the proposed increase:

Table 1 Supplier Costs Versus SRF Loan Financing

	Supplier's Cost (MWSD)	SRF Loan	Total Cost
Current (2012)	\$1,595,000	\$2,920,000	\$4,515,000
Proposed Revised (2015)	\$592,000	\$3,923,000	\$4,515,000

Based on initial calculations conducted by the District's financial consultant, Bartle Wells Associates (BWA), the District's existing water rates are sufficient to cover this additional debt service. Initial review by the SWRCB DFA has also indicated that this loan increase would not cause the State to request a new water rate study and/or increased rates.

In order to increase the loan amount, it is required that the District sign an amended Funding Agreement with the State. District staff is currently in discussions with the State regarding an amendment to Funding Agreement SRF12CX109, and has been informed that two (2) resolutions need to be passed by the MWSD Board of Directors in order to move forward with increasing the loan amount, as follows:

1. Reimbursement Resolution
2. Pledged Revenue and Funds Resolution

The deadline for SRF-022 project completion, currently November 2015, will remain the same in the amended agreement, as the schedule will not be impacted by the proposed loan increase.

Amending the existing SRF-022 would allow the District to receive funding for the previously self-funded costs amounting to \$1,001,000. The District would be able to request reimbursement immediately upon the contract amendment execution. No water rate increases would be caused by this loan increase and repayment would be over 20 years starting 6 months following the Alta Vista Tank construction completion.

RECOMMENDATION:

Authorize the General Manager to execute an amended Funding Agreement SRF12CX109 with the State to increase the loan amount to \$3,921,000, and adopt Resolution next in order, Reimbursement Resolution, and adopt Resolution next in order, Pledged Revenue and Funds Resolution.

**SAMPLE PLEDGED REVENUE AND FUNDS (PRF)
RESOLUTION FOR PUBLICLY OWNED ENTITIES**

RESOLUTION NO. _____

RESOLUTION OF _____
[NAME OF APPLICANT ENTITY]

AUTHORIZING _____ TO SIGN
[TITLE, NOT NAME, OF APPLICANT'S AUTHORIZED REPRESENTATIVE]
FINANCING AGREEMENT, AMENDMENTS, AND CERTIFICATIONS FOR FUNDING UNDER THE DRINKING
WATER STATE REVOLVING FUND (DWSRF); AUTHORIZING _____ TO APPROVE CLAIMS
[TITLE, NOT NAME]
FOR REIMBURSEMENT; AUTHORIZING _____ TO EXECUTE BUDGET AND
[TITLE, NOT NAME]
EXPENDITURE SUMMARY; AUTHORIZING _____ TO SIGN THE FINAL RELEASE
[TITLE, NOT NAME]
FORM AND _____ TO SIGN THE CERTIFICATION OF PROJECT
[TITLE, NOT NAME]
COMPLETION [only applies to construction projects]; AND PLEDGING AND DEDICATING NET WATER
REVENUES FROM TO PAYMENT OF DWSRF FINANCING.

WHEREAS, _____ seeks financing from the State Water
[Name of Applicant Entity]
Resources Control Board for a project commonly known as _____ ("Project"); and

WHEREAS, _____
[Name of Applicant Entity]

[insert other appropriate findings regarding intent, authority, and procedure];

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that

1. The _____ is hereby authorized and directed to sign and file, for
[Title of Authorized Representative]
and on behalf of the _____ a financial assistance application for a
[Name of Applicant Entity]
financing agreement from the State Water Resources Control Board for the Project;
2. The _____ or designee is hereby authorized to sign the DWSRF
[Title of Authorized Representative]
program financing agreement for the Project and any amendments thereto, and provide the
assurances, certifications and commitments required therefore;
3. The _____ or designee is hereby authorized to represent the
[Title of Authorized Representative]
_____ in carrying out the _____ responsibilities
[Name of Applicant Entity] [Name of Applicant Entity's]
under the financing agreement, including approving and submitting disbursement requests (including
Claims for Reimbursement) or other required documentation, compliance with applicable state and
federal laws, and making any other necessary certifications;
4. The _____ does hereby dedicate and pledge its net water revenues
[Applicant Entity's Legal Name]
and its water enterprise fund to payment of the DWSRF financing for the Project.
The _____ commits to collecting such revenues and maintaining
[Applicant Entity's Legal Name]

such fund(s) throughout the term of such financing and until the _____
[Applicant Entity's Legal Name]
has satisfied its repayment obligation thereunder unless modification or change is approved in writing
by the State Water Resources Control Board. So long as the financing agreement(s) are outstanding,
the _____ pledge hereunder shall constitute a lien in favor of the

[Applicant Entity's Legal Name]
State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any
further action necessary. So long as the financing agreement(s) are outstanding, the
_____ commits to maintaining the fund(s) and revenue(s) at levels

[Applicant Entity's Legal Name]
sufficient to meet its obligations under the financing agreement(s). If for any reason, the said source
of revenues proves insufficient to satisfy the debt service of the DWSRF obligation, sufficient funds
shall be raised through increased water rates, user charges, or assessments or any other legal
means available to meet the DWSRF obligation and to operate and maintain the project; and

5. The authority granted hereunder shall be deemed retroactive. All acts authorized hereunder and
performed prior to the date of this Resolution are hereby ratified and affirmed. The State Water
Resources Control Board is authorized to rely upon this Resolution until written notice to the contrary,
executed by each of the undersigned, is received by the State Water Resources Control Board. The
State Water Resources Control Board shall be entitled to act in reliance upon the matters contained
herein, notwithstanding anything to the contrary contained in the formation documents of the
_____ or in any other document.

[Applicant Entity's Legal Name]

.....
Passed and adopted by _____ on _____, by the following vote:
[Applicant Entity's Legal Name/Board of Directors] **[date]**

AYES: Directors _____
NOES: Directors _____
EXCUSED: Directors _____
_____, President

ATTEST:

_____, Secretary of the _____

By: _____, Deputy Clerk

REIMBURSEMENT RESOLUTION

WHEREAS, the _____ (the "Agency") desires to finance the costs of
(Agency Name)

constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is \$ _____.

{Remove this Note when completing the Resolution: Please include the maximum reasonable project amount. Your SRF financing agreement will not exceed this amount under any circumstances.}

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

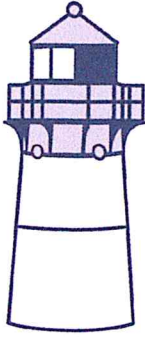
SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

AYES: _____
NOES: _____
ABSENT: _____

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the _____ held on _____.
(Governing Board of the Agency) (Date)

(Name, Signature, and Seal of the Clerk or Authorized Record Keeper of the Governing Board of the Agency)



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS
FROM: Clemens Heldmaier, General Manager

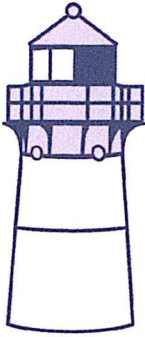
**SUBJECT: Review and Possible Action Concerning
Adoption of Proposed PARS Pension Plan.**

At the July 16 meeting the District adopted a pension program through the Public Agency Retirement System (PARS). The benefit parameters include a Defined Benefit Plan for all full-time employees based on 2% @ 62 full formula. The plan is in accordance with the Public Employee Pension Reform Act (PEPRA) of 2013 which severely limits the pension benefits that public agencies can adopt for post PEPRA plans and requires active management and account reporting of defined benefit plans. Government Accounting Standard Principles require an annual audit of the plan and plan performance. Benefit service is based on District years of service credit earned after July 1, 2015. Vesting service is 5 years of District service. Employee contribution of 50% is required. Final average compensation is the average of the highest thirty-six (36) months of compensation (not to exceed amounts prescribed by CA Govt Code Section 7522.10(c)). No disability benefit under this plan.

The Finance Committee was charged with the task of suggesting a finance strategy and met on July 29. Staff was asked to request an amended preliminary actuarial presentation to include 5.5% and 5% return on investment. The Finance Committee will not make a joint recommendation, instead the committee members will present their conclusions separately. Concerns raised by the committee and attending public are in regards to fees associated with the suggested HighMark Investment Management Firm.

Fees associated with PARS and Highmark for the first year are as follows:

- PARS one-time Setup Fee: \$3,000
- PARS monthly on-going fee: \$750/month
- US Bank Trustee Fee: 0.12% of Contributions
- HighMark Investment Mgmt Fee: 0.58% of Assets
- Embedded Mutual Fund Fee: can range from 0.16% to 0.74% of assets
- Optional Fee (one-time) \$3,500 fee to seek a Letter of Determination from IRS



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **August 6, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

This allows for a sample projection of First Year Fees. The projection assumes the District contributes \$8000 per month over 12 months and earns 6% in the first year:

PARS:	\$12,000 in first year
US Bank Trustee Fee:	\$115 in first Year
HighMark Investment Mgmt Fee:	\$309 in first Year
Embedded Mutual Fund Fee:	ranges from \$85 to \$394 in first year

RECOMMENDATION:

Select an appropriate finance strategy for the first year of investing into the plan under the suggested HighMark Investment Management Firm. Direct a committee to further investigate other investment options that can be implemented at any time.

INVESTMENT STRATEGY SELECTION AND DISCLOSURE FORM DB PLANS

Institutional Trust and Custody

This document is entered into by client and U.S. Bank National Association ("U.S. Bank"), as trustee.

Date: / /

Agency or District: Montara Water and Sanitary District

Plan Name: Montara Water and Sanitary District PARS Defined Benefit Plan

To: HighMark Capital Management, Inc. and U.S. Bank

U.S. Bank has been or is hereby appointed Investment Manager of the above-referenced Plan. Please invest the assets of the above-referenced Plan and Trust for which you have been appointed Investment Manager in the (select one of the strategies listed below):

<input type="checkbox"/> Liquidity Management (US Treas)	Provide current income with liquidity and stability of principal through investments in short-term U.S. Treasury obligations.	Money Market Fund
<input type="checkbox"/> Liquidity Management (US Gov't)	Provide current income with liquidity and stability of principal through investments in short-term obligations issued or guaranteed by the U.S. government and its agencies.	Money Market Fund
<input type="checkbox"/> Liquidity Management (Diversified)	Generate current income with liquidity and stability of principal.	Money Market Fund
<input type="checkbox"/> Short-to-Intermediate Term Fixed Income Strategy	Maximize income consistently with a low level of price volatility.	Fixed Income Fund
<input type="checkbox"/> Conservative HighMark PLUS <input type="checkbox"/> Conservative Index PLUS	Provide a consistent level of inflation-protected income over the long-term.	Equity: 5-20% Fixed Income: 60-95% Cash: 0-20%
<input type="checkbox"/> Moderately Conservative HighMark PLUS <input type="checkbox"/> Moderately Conservative Index PLUS	Provide current income with capital appreciation as a secondary objective.	Equity: 20-40% Fixed Income: 50-80% Cash: 0-20%
<input type="checkbox"/> Moderate HighMark PLUS <input type="checkbox"/> Moderate Index PLUS	Provide current income and moderate capital appreciation.	Equity: 40-60% Fixed Income: 40-60% Cash: 0-20%
<input type="checkbox"/> Balanced HighMark PLUS <input type="checkbox"/> Balanced Index PLUS	Provide growth of principal and income.	Equity: 50-70% Fixed Income: 30-50% Cash: 0-20%
<input type="checkbox"/> Capital Appreciation/HighMark PLUS <input type="checkbox"/> Capital Appreciation/Index PLUS	Primary goal is growth of principal	Equity: 65-85% Fixed Income: 10-30% Cash: 0-20%
<input type="checkbox"/> Custom	Specify:	Equity: Fixed Income: Cash:

DIVERSIFIED PORTFOLIO

Note: HighMark PLUS portfolios are diversified portfolios of actively managed mutual funds. Index PLUS portfolios are diversified portfolios of index-based mutual funds or exchange-traded funds

INVESTMENT STRATEGY
SELECTION AND DISCLOSURE
FORM DB PLANS

**SIGN
& DATE**



ACKNOWLEDGED AND APPROVED

<input checked="" type="checkbox"/>	General Manager
Authorized Signer	Title
Clemens Heldmaier	/ /
Print Name	Date
Authorized Signer	Authorized Signer

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

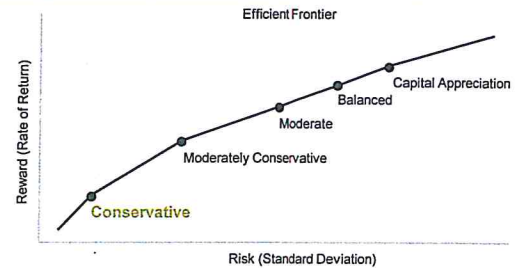
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	80%
Cash	0 – 20%	5%	5%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	1.85%	Current Quarter*	1.45%
Blended Benchmark**	1.47%	Blended Benchmark**	1.47%
Year To Date*	1.85%	Year To Date*	1.45%
Blended Benchmark*	1.47%	Blended Benchmark*	1.47%
1 Year	4.45%	1 Year	4.40%
Blended Benchmark	4.84%	Blended Benchmark	4.84%
3 Year	4.64%	3 Year	4.23%
Blended Benchmark	4.07%	Blended Benchmark	4.07%
5 Year	5.18%	5 Year	4.89%
Blended Benchmark	4.49%	Blended Benchmark	4.49%
10 Year	5.14%	10 Year	4.70%
Blended Benchmark	4.53%	Blended Benchmark	4.53%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500, 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-9.04%	2008	-6.70%
2009	15.59%	2009	10.49%
2010	8.68%	2010	7.67%
2011	2.19%	2011	3.70%
2012	8.45%	2012	6.22%
2013	3.69%	2013	3.40%
2014	3.88%	2014	4.32%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	07/2004	Inception Data	07/2004
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



350 California Street
Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®

Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

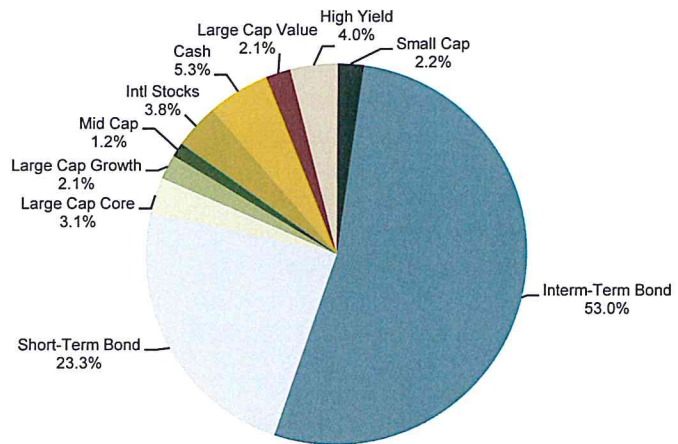
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Baidard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- Sentinel Common Stock I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
- PIMCO High Yield

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares S&P Small Cap 600 Value
- iShares S&P Small Cap 600 Growth
- iShares MSCI EAFE
- iShares Russell Midcap Value
- iShares Russell Midcap Growth
- iShares Barclays Aggregate Bond
- Vanguard Short-Term Invest-Grade Adm
- First American Prime Obligation Z
- SPDR Euro Stoxx 50 ETF
- SPDR Barclays High Yield Bond ETF
- Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

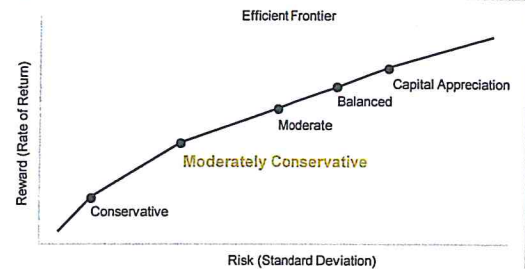
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	29%
Fixed Income	50 - 80%	65%	68%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.10%	Current Quarter*	1.75%
Blended Benchmark**	1.73%	Blended Benchmark**	1.73%
Year To Date*	2.10%	Year To Date*	1.75%
Blended Benchmark*	1.73%	Blended Benchmark*	1.73%
1 Year	5.14%	1 Year	5.60%
Blended Benchmark	6.07%	Blended Benchmark	6.07%
3 Year	6.17%	3 Year	5.92%
Blended Benchmark	6.05%	Blended Benchmark	6.05%
5 Year	6.74%	5 Year	6.45%
Blended Benchmark	6.28%	Blended Benchmark	6.28%
10 Year	5.74%	Inception To Date (119-Mos.)	5.38%
Blended Benchmark	5.27%	Blended Benchmark	5.30%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	20	No of Funds in Portfolio	14

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Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

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Asset Allocation Committee

Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

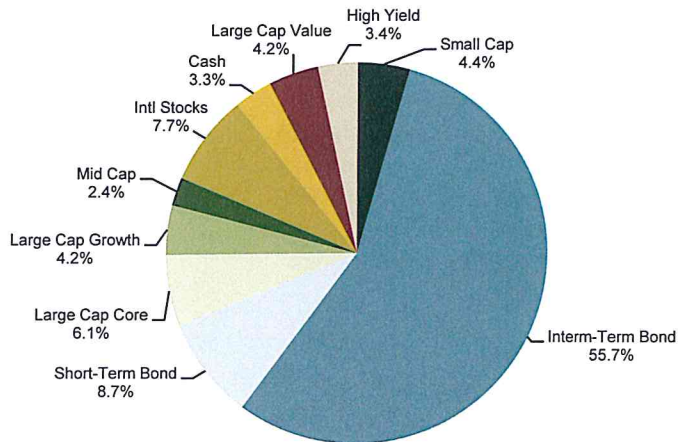
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- MFS International Growth I
- Sentinel Common Stock I
- First American Prime Obligation Z
- TIAA-CREF Mid Cap Value
- Ivy Mid Cap Growth
- Harbor Capital Appreciation
- Schroder Emerging Market Equity
- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
- PIMCO High Yield

Index Plus (Passive)

- iShares S&P 500
- iShares S&P 500/Value
- iShares S&P 500/Growth
- iShares S&P Small Cap 600 Value
- iShares S&P Small Cap 600 Growth
- iShares MSCI EAFE
- iShares Russell Midcap Value
- iShares Russell Midcap Growth
- iShares Barclays Aggregate Bond
- Vanguard Short-Term Invest-Grade Adm
- First American Prime Obligation Z
- SPDR Euro Stoxx 50 ETF
- SPDR Barclays High Yield Bond ETF
- Vanguard FTSE Emerging Markets ETF

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STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

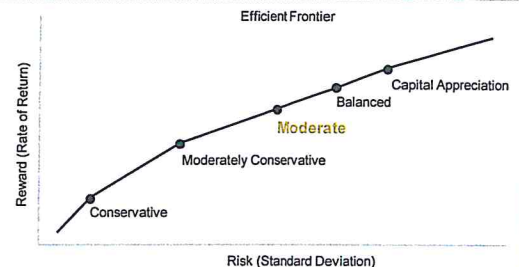
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	48%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.39%	Current Quarter*	2.00%
Blended Benchmark**	1.93%	Blended Benchmark**	1.93%
Year To Date*	2.39%	Year To Date*	2.00%
Blended Benchmark*	1.93%	Blended Benchmark*	1.93%
1 Year	5.92%	1 Year	6.37%
Blended Benchmark	7.22%	Blended Benchmark	7.22%
3 Year	7.99%	3 Year	8.13%
Blended Benchmark	8.55%	Blended Benchmark	8.55%
5 Year	8.21%	5 Year	8.31%
Blended Benchmark	8.37%	Blended Benchmark	8.37%
10 Year	5.94%	Inception To Date (107-Mos.)	5.69%
Blended Benchmark	6.00%	Blended Benchmark	5.86%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Govt, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-22.88%	2008	-18.14%
2009	21.47%	2009	16.05%
2010	12.42%	2010	11.77%
2011	0.55%	2011	2.29%
2012	12.25%	2012	10.91%
2013	13.06%	2013	12.79%
2014	4.84%	2014	5.72%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2004	Inception Data	05/2006
No of Funds in Portfolio	20	No of Funds in Portfolio	14

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HighMark Plus (Active)

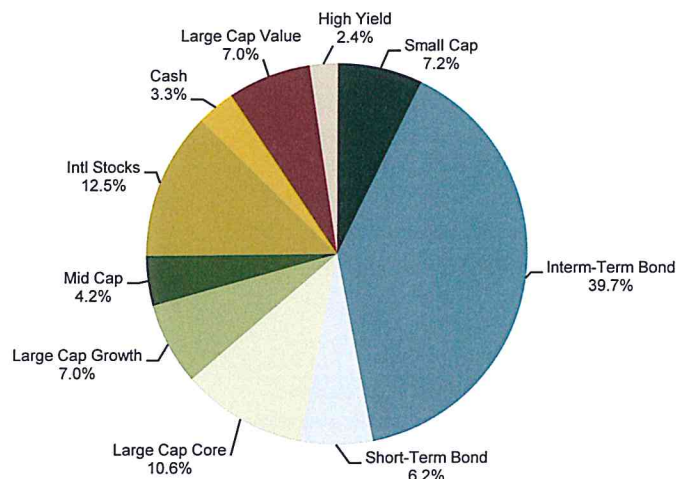
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares S&P Small Cap 600 Value
iShares S&P Small Cap 600 Growth
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iShares Russell Midcap Value
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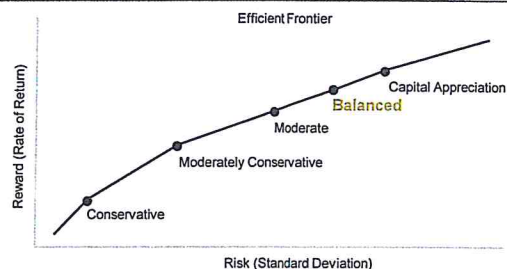
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Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	39%
Cash	0 – 20%	5%	3%

ANNUALIZED TOTAL RETURNS

(Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Active)	
Current Quarter*	2.62%	Current Quarter*	2.06%
Blended Benchmark**	2.04%	Blended Benchmark**	2.04%
Year To Date*	2.62%	Year To Date*	2.06%
Blended Benchmark*	2.04%	Blended Benchmark*	2.04%
1 Year	6.12%	1 Year	6.66%
Blended Benchmark	7.84%	Blended Benchmark	7.84%
3 Year	9.16%	3 Year	9.16%
Blended Benchmark	9.85%	Blended Benchmark	9.85%
5 Year	9.10%	5 Year	9.13%
Blended Benchmark	9.52%	Blended Benchmark	9.52%
Inception to Date (102-Mos.)	5.50%	Inception to Date (90-Mos.)	4.85%
Blended Benchmark	6.13%	Blended Benchmark	5.41%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Govt, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Govt, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-25.72%	2008	-23.22%
2009	21.36%	2009	17.62%
2010	14.11%	2010	12.76%
2011	-0.46%	2011	1.60%
2012	13.25%	2012	11.93%
2013	16.61%	2013	15.63%
2014	4.70%	2014	6.08%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	10/2006	Inception Data	10/2007
No of Funds in Portfolio	20	No of Funds in Portfolio	14

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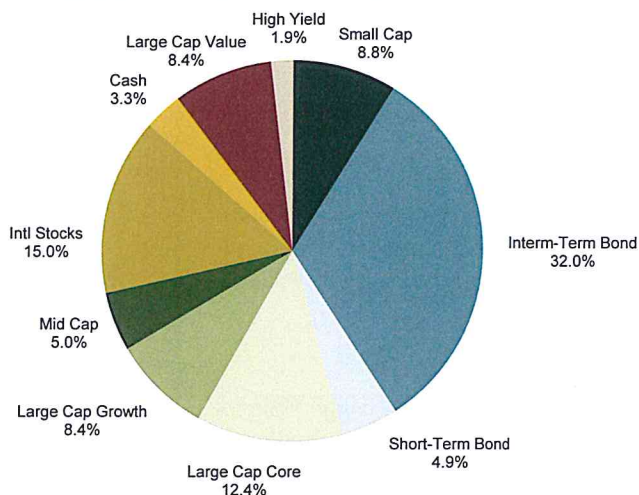
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First American Prime Obligation Z
TIAA-CREF Mid Cap Value
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Index Plus (Passive)

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The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of March 31, 2015, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT Index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of the ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

HighMark Capital Management, Inc. (HighMark), an SEC-registered investment adviser, is a wholly owned subsidiary of MUFG Union Bank, N.A. (MUB). HighMark manages institutional separate account portfolios for a wide variety of for-profit and nonprofit organizations, public agencies, public and private retirement plans, and personal trusts of all sizes. It may also serve as sub-adviser for mutual funds, common trust funds, and collective investment funds. MUB, a subsidiary of MUFG Americas Holdings Corporation, provides certain services to HighMark and is compensated for these services. Past performance does not guarantee future results. Individual account management and construction will vary depending on each client's investment needs and objectives. Investments employing HighMark strategies are NOT insured by the FDIC or by any other Federal Government Agency, are NOT Bank deposits, are NOT guaranteed by the Bank or any Bank affiliate, and MAY lose value, including possible loss of principal.

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

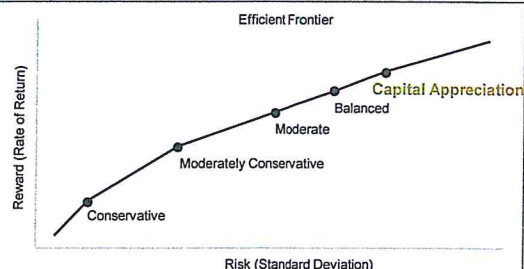
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	73%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	3%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	2.48%
Blended Benchmark**	2.19%
Year To Date*	2.48%
Blended Benchmark*	2.19%
1 Year	7.24%
Blended Benchmark	8.39%
3 Year	10.58%
Blended Benchmark	11.30%
5 Year	9.83%
Blended Benchmark	10.53%
Inception To Date (75-Mos.)	12.20%
Blended Benchmark	13.19%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.



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Suite 1600
San Francisco, CA 94104
800.582.4734
www.highmarkcapital.com

ABOUT THE ADVISER

HighMark® Capital Management, Inc. (HighMark) has over 90 years (including predecessor organizations) of institutional money management experience with more than \$15.2 billion in assets under management. HighMark has a long term disciplined approach to money management and currently manages assets for a wide array of clients.

ABOUT THE PORTFOLIO MANAGEMENT TEAM

Andrew Brown, CFA®

Senior Portfolio Manager
Investment Experience: since 1994
HighMark Tenure: since 1997
Education: MBA, University of Southern California; BA, University of Southern California

Kevin Churchill, CFA®, CFP®

Senior Portfolio Manager
Investment Experience: since 1996
HighMark Tenure: since 2012
Education: MS, Seattle University; BS, University of Puget Sound

Salvatore "Tory" Milazzo III, CFA®

Senior Portfolio Manager
Investment Experience: since 1991
HighMark Tenure: since 2014
Education: BA, Colgate University

J. Keith Stribling, CFA

Senior Portfolio Manager
Investment Experience: since 1985
HighMark Tenure: since 1995
Education: BA, Stetson University

Christiane Tsuda

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2010
Education: BA, International Christian University, Tokyo

Matthew Webber, CFA®

Senior Portfolio Manager
Investment Experience: since 1995
HighMark Tenure: since 2011
Education: BA, University of California, Santa Barbara

Anne Wimmer, CFA®

Senior Portfolio Manager
Investment Experience: since 1987
HighMark Tenure: since 2007
Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 14
Average Years of Experience: 26
Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7
Average Years of Experience: 23
Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

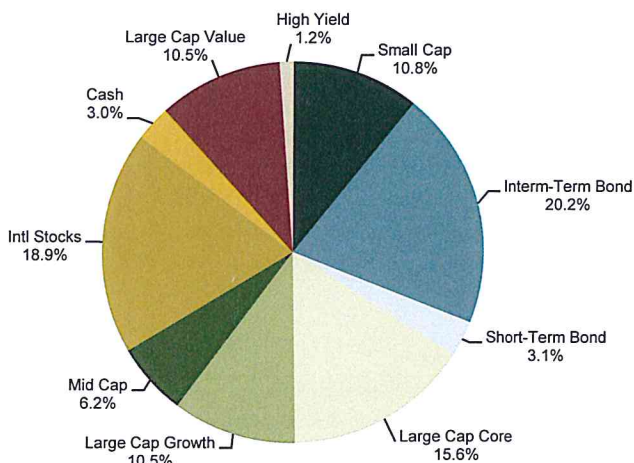
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox Stock
SPDR Euro Stoxx 50 ETF
PIMCO High Yield

Index Plus (Passive)

iShares S&P 500
iShares S&P 500/Value
iShares S&P 500/Growth
iShares S&P Small Cap 600 Value
iShares S&P Small Cap 600 Growth
iShares MSCI EAFE
iShares Russell Midcap Value
iShares Russell Midcap Growth
iShares Barclays Aggregate Bond
Vanguard Short-Term Invest-Grade Adm
First American Prime Obligation Z
SPDR Euro Stoxx 50 ETF
SPDR Barclays High Yield Bond ETF
Vanguard FTSE Emerging Markets ETF

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Capital Appreciation active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

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PARS Defined Benefit Plan/ HighMark Capital Management

Montara Water and Sanitary District

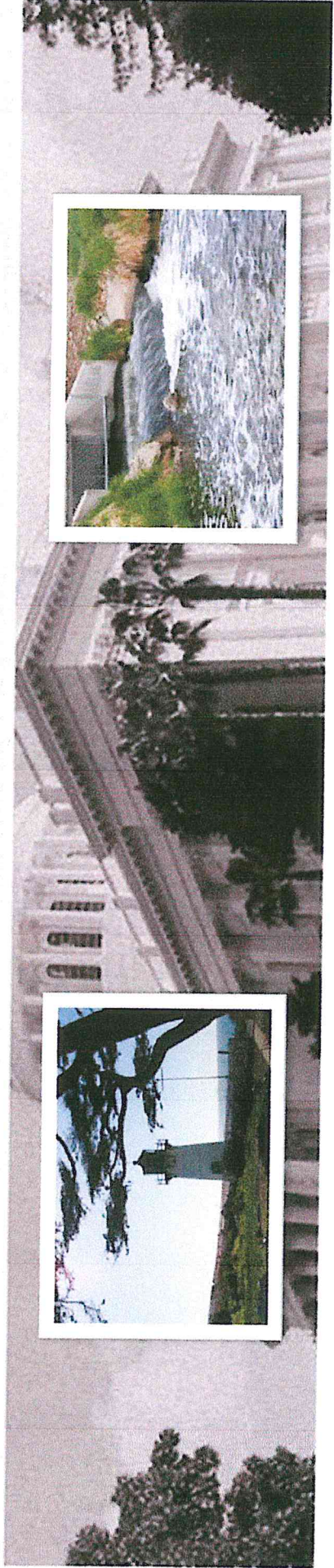
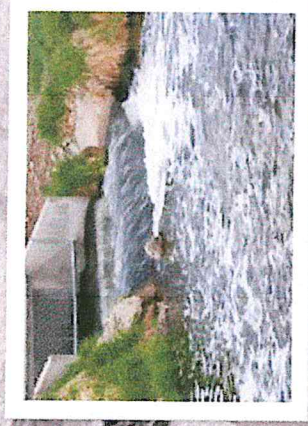
July 27, 2015



PUBLIC
AGENCY
RETIREMENT
SERVICES

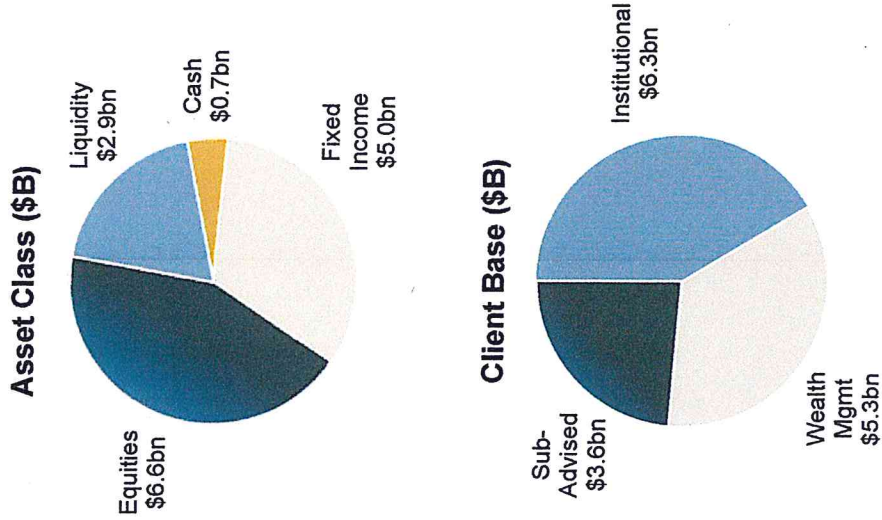
PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



FIRM OVERVIEW

Assets Under Management as of 3/31/2015
\$15.2 Billion

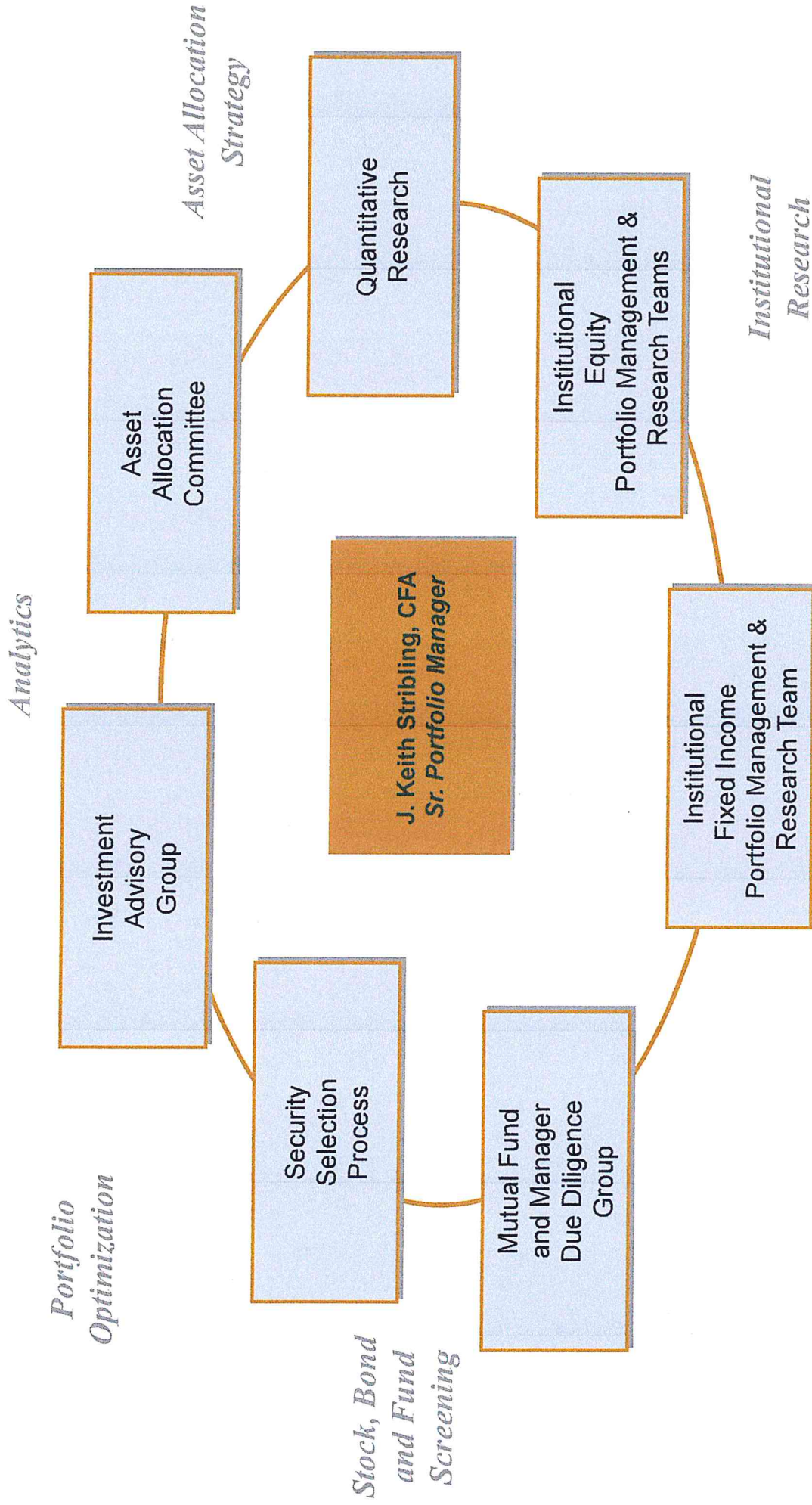


- With its predecessors, HighMark has been focused exclusively on investment management of client's assets since 1919.*
- Registered Investment Adviser with more than \$15.2 billion in assets under management.
- 52 investment professionals with an average of 22 years investment experience.
- 30 professionals hold the Chartered Financial Analyst® (CFA) designation.
- In-house investment research capabilities and access to top-tier investment managers.

*Including predecessor organizations. HighMark Capital Management, Inc., registered with the SEC as an investment adviser on August 7, 1998. All data as of March 31, 2015

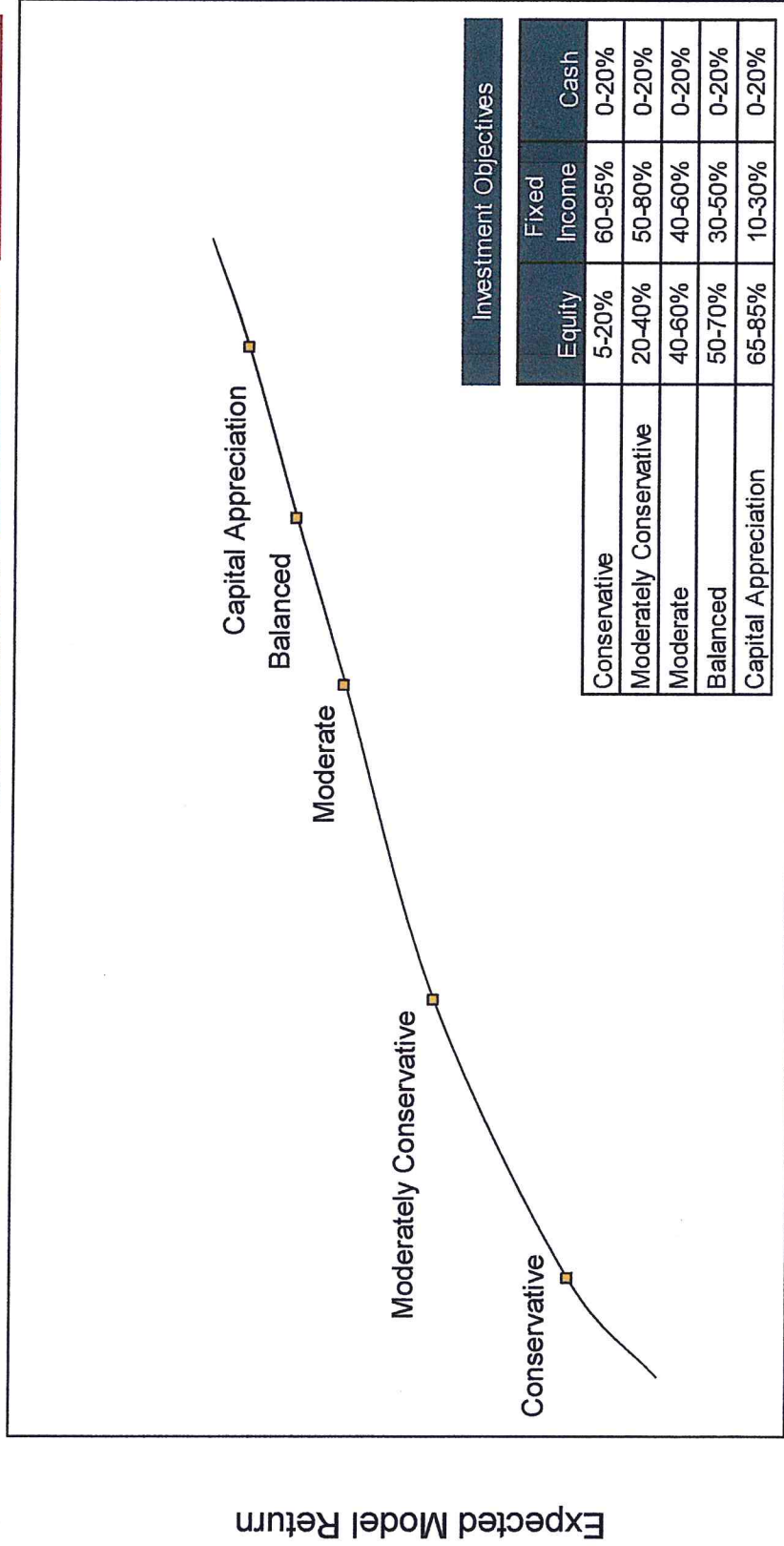
OUR INVESTMENT CAPABILITIES

Our Senior Portfolio Managers are supported by deep investment resources and unique processes.



1. ESTABLISH: DETERMINE YOUR STRATEGIC ASSET ALLOCATION STRATEGY

Efficient Frontier:



Expected Model Risk (standard deviation)

Each Investment Objective is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

INVESTMENT BIOGRAPHY



J. Keith Stribling, CFA, Director and Senior Portfolio Manager

Keith joined HighMark in 1995. He manages investment portfolios on behalf of high-net-worth clients, trusts, retirement plans, foundations, and non-profit organizations. Previously he was co-manager or an analyst of the HighMark Value strategy since 1997. Keith began his career in the investment industry in 1985. Prior to joining HighMark, Keith worked in the derivatives arbitrage group at First Boston and in foreign currency arbitrage at Shatkin Trading.

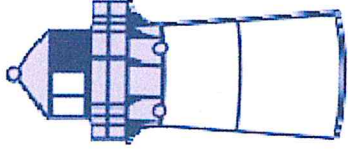
Keith received a BA from Stetson University and is a CFA charterholder.



Andrew Brown, CFA, Vice President and Senior Portfolio Manager

Andrew Brown joined HighMark Capital Management, the investment management subsidiary of MUFG Union Bank, N.A., in November of 1997. As Senior Portfolio Manager, Andrew is responsible for managing investment portfolios on behalf of high net worth investors, trusts, retirement plans, foundations, and not-for-profit organizations. In addition, he is a member of HighMark's Manager Review Committee (MRC). Andrew began his career in the investment management industry in 1994. Prior to joining HighMark, Andrew's work experience includes three years as a Japanese Equity Specialist at Wako Securities (America). His duties there included designing and implementing a marketing program to sell Japanese stocks to institutional investors. He also performed securities analysis for Japanese equities and made buy/sell recommendations on Nikkei 225 and OTC equities.

Andrew received a Bachelor of Arts degree in International Relations, concentrating in Asia-Politics/Economy, from the University of Southern California, and a Master's degree in Business Administration with an emphasis in Finance/Marketing from the University of Southern California. In addition, Andrew is a CFA charterholder.



**MONTARA WATER AND SANITARY DISTRICT
PARS RETIREMENT PLAN**

BARTEL
ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation
Preliminary Results

Presented by **Mary Elizabeth Redding, Assistant Vice President & Actuary**
Prepared by **Katherine Moore, Associate Actuary**
John Bartel, President, Reviewing Actuary
Bartel Associates, LLC

August 4, 2015

AGENDA

<u>Topic</u>	<u>Page</u>
Definitions	1
Benefit Summary	2
Data Summary	3
Actuarial Assumptions and Methods	4
Funding Results	6

DEFINITIONS

- **PVPB – Present Value of all Projected Benefits**
 - Expected benefit payments modeled based on:
 - Plan benefit provisions
 - Current employee/retiree population
 - Actuarial assumptions: Retirement/termination, future salary increases, longevity
 - Discounted to measurement date using discount rate (rate invested assets are expected to earn in the long-term future).
- **AAL – Actuarial Accrued Liability**
 - Discounted value at measurement date (valuation date) of benefits “earned” through measurement date
 - \$0 for District since no past service counted for benefits.
- **NC – Normal Cost**
 - Value of benefits “earned” during year after measurement date
 - Benefits “earned” in proportion to expected payroll over employee’s working lifetime.



BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Age 62 with 5 years District service
<ul style="list-style-type: none"> ■ Retirement Benefit 	<ul style="list-style-type: none"> ■ 2% x Final Pay x benefit service payable at 62 ■ Final Pay is highest average 36 months limited to PEPR limit (\$117,020 in 2015)
<ul style="list-style-type: none"> ■ Service 	<ul style="list-style-type: none"> ■ Benefit service is years with District after 7/1/15
<ul style="list-style-type: none"> ■ Death Benefits 	<ul style="list-style-type: none"> ■ After 5 years District service – spousal benefit
<ul style="list-style-type: none"> ■ Termination 	<ul style="list-style-type: none"> ■ Refund of employee contributions with 3% interest, or ■ Deferred formula benefit calculated at termination
<ul style="list-style-type: none"> ■ Disability 	<ul style="list-style-type: none"> ■ Same as termination
<ul style="list-style-type: none"> ■ Employee Contributions 	<ul style="list-style-type: none"> ■ ½ of Normal Cost. ■ Calculated as % of pay up to PEPR pay limit. ■ Will depend on discount rate and other actuarial assumptions. ■ Recalculated in each actuarial valuation
<ul style="list-style-type: none"> ■ Service Buy-back 	<ul style="list-style-type: none"> ■ Employees may purchase credit for District service before 7/1/2015 by paying the full actuarial cost.
<ul style="list-style-type: none"> ■ COLA 	<ul style="list-style-type: none"> ■ 2% increases per year after retirement
<ul style="list-style-type: none"> ■ Benefit Form 	<ul style="list-style-type: none"> ■ Single life annuity, spousal continuation benefits paid by retiree



DATA SUMMARY

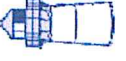
Participant Statistics

	6/30/14
■ Actives	
• Count	7
• Average Age	43.9
• Average District Service	5.9
• Average Benefit Service	0.0
• Total Payroll	539,000



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Valuation Date 	<ul style="list-style-type: none"> ■ June 30, 2015 ■ Determines contributions for fiscal years 2015/16 & 2016/17
<ul style="list-style-type: none"> ■ Investments 	<ul style="list-style-type: none"> ■ To be selected
<ul style="list-style-type: none"> ■ Discount Rate 	<ul style="list-style-type: none"> ■ 5.0%, to 7.0% to illustrate possible costs ■ Rate to be determined after investment fund is selected ■ Net of investment expenses
<ul style="list-style-type: none"> ■ Payroll Increase 	<ul style="list-style-type: none"> ■ Merit Increases – CalPERS 1997-2011 Experience Study ■ Aggregate payroll increase – 3.25%
<ul style="list-style-type: none"> ■ Mortality, Withdrawal, Disability and Retirement 	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Mortality projected fully generational with Scale MP2014



ACTUARIAL METHODS

June 30, 2015 Valuation	
Method	
■ Actuarial Cost Method	■ Entry Age Normal
■ Administrative Expenses	■ Allowance for administrative expense, if paid from Trust assets, to be added to actuarially determined contribution. Assumed \$0 for fiscal years 15/16 and 16/17 (i.e., all costs paid by District)
■ Future New Entrants	■ Closed group, no new hires
■ Employer Accounting	■ Governed by GASB Statement 68, first applicable for the District 6/30/16. Accounting results will differ from those in this funding report.



FUNDING RESULTS

Actuarial Obligations

		6/30/15 Valuation			
Discount Rate	7.00%	6.50%	6.00%	5.50%	5.00%
Present Value of Benefits					
• Active Employees	\$ 729,052	\$ 849,004	\$ 993,243	\$1,167,070	\$1,377,196
• Retirees	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
• Total	729,052	849,004	993,243	\$1,167,070	\$1,377,196
Actuarial Accrued Liability					
• Total	0	0	0	0	0
Actuarial Value of Assets					
• Unfunded AAL	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
• Funded Ratio	N/A	N/A	N/A	N/A	N/A
• Employer Normal Cost (middle of year payment)	\$37,546	41,862	46,030	51,436	56,999



FUNDING RESULTS

Annual Actuarially Determined Contribution (ADC)

	6/30/15 Valuation for 15/16 and 16/17				
	Contributions				
■ Discount Rate	7.00%	6.50%	6.00%	5.50%	5.00%
■ ADC - \$					
• Normal Cost (Employer)	\$ 37,546	\$ 41,862	\$ 46,030	\$ 51,436	\$ 56,999
• Administrative expenses paid from Trust	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
• Total	37,546	41,862	46,030	51,436	56,999
■ Projected Payroll (unlimited)	539,132	539,132	539,132	539,132	539,132
■ Employee Contribution Rate (% of PEPRA-limited pay)	7.50%	8.25%	9.25%	10.25%	11.50%
■ Total Employer Cost (% total pay)	6.96%	7.76%	8.54%	9.54%	10.57%

