

Montara Water and Sanitary District

Serving the Community of Montara and Moss Beach

P.O. Box 370131
8888 Cabrillo Hwy
Montara, CA 94037-0131
t: 650.728.3545 • f: 650.728.8556

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.

REVISED AGENDA

The Agenda has been revised to allow for Director Slater-Carter's participation by teleconference

NOTICE OF SPECIAL MEETING

(Special Meeting begins at 7:00 p.m.; see Agenda for Special Meeting below)

AGENDA

Regular Meeting

District Board of Directors

8888 Cabrillo Highway
Montara, California 94037

September 3, 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

CONSENT AGENDA

1. Approve Minutes for July 29, August 6, and August 24 2015.
2. Approve Financial Statements for July 2015.
3. Approve Warrants for September 1, 2015.
4. SAM Flow Report for July, 2015
5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for July 2015.
8. Rain Report.
9. Solar Energy Report.

OLD BUSINESS

1. Review and Possible Action Concerning PARS Investment Strategy.

NEW BUSINESS

1. Review and Possible Action Concerning Permit for NOAA Weather Station on District Property.
2. Review and Possible Action Concerning Association of California Water Agencies Committee Appointment Nominations.
3. Review and Possible Action Concerning Adoption of Connection Charge Report.

REPORTS

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

FUTURE AGENDAS

ADJOURN

AGENDA – SPECIAL MEETING (7:00 p.m.)

CALL TO ORDER

ROLL CALL

ORAL COMMENTS (Items other than those on the agenda)

**CONVENE IN CLOSED SESSION
CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

(Gov't. C. §54956.8)

Property: Portion of District Property, 8888 Cabrillo Hwy., Montara, CA

Agency Negotiators: General Manager, District Counsel

Negotiating Party: NOAA

Under Negotiation: Placement of NOAA Weather Station on District Property.

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED
LITIGATION**

Significant exposure to litigation (Gov't. C. §54956.9(b))

Number of cases: 1

**RECONVENE IN OPEN SESSION AND ADJOURN TO CONVENE FOR
REGULAR MEETING**

PARTICIPATION BY TELECONFERENCE

The following Director will participate by teleconference in all or a portion of the meeting of the Board, including Closed Session, from the following locations:

Director Kathryn Slater-Carter – 616 Lakeshore Blvd., Incline Village, NV

Directors participating by teleconference shall post a copy of the Agenda at a location available to the public in the vicinity of the place of their participation. Members of the public will be allowed to participate in open portions of the meeting at the teleconference site(s). All votes taken during a teleconferenced meeting shall be by roll call.

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 & SANITARY
DISTRICT

FINANCE COMMITTEE MEETING
July 29, 2015

MINUTES

MEETING BEGAN AT 5:00 p.m.

Directors Present: Slater-Carter and Huber
Staff Present: General Manager, Clemens Heldmaier

Others Present: Dennis Yu, Senior Vice President with PARS and Keith Stribling, CFA, Director and Senior Portfolio Manager with HighMark Capital Management, joined the meeting via teleconference.

1. Review of Investment Strategies for PARS Plan.

Dennis Yu, explained there were three things he wanted to accomplish at this Finance Committee meeting:

1. Introduce Keith Stribling and give him the opportunity to promote why HighMark was the correct choice for Montara Water and Sanitary District.
2. Determine an appropriate discount rate.
3. Once the appropriate discount rate is set, have Mr. Stribling talk about a particular portfolio that would best match that particular rate of return.

General Manager Heldmaier reported the Finance Committee would not be making a decision tonight. They would only be making a recommendation to the full Board at the next meeting on August 6th.

Director Slater-Carter questioned if the Finance Committee was going to make a decision on the recommendation today, how long were they planning to stay at this meeting and what other than HighMark has the committee looked at?

Keith Stribling offered to continue by introducing himself and to deliver his presentation about HighMark as a firm in hopes of helping the Committee work towards an investment objective. Mr. Stribling noted whether or not you use HighMark, he wanted to be able to help the committee with what discount rate to use and or what investment objective to consider.

Director Huber questioned what the fee was going to be?

Mr. Stribling explained the fee depends on if you are using a passive or active strategy.

Mr. Stribling proceeded with his brief introduction and presentation which consisted of the following:

1. Introduction
2. Firm Overview
3. Investment Capabilities and the team
4. Determine your Strategic Asset Allocation Strategy
 - A. Efficient Frontier
 1. Expected Model Return
 2. Expected Model Risk (standard deviation)
5. Discount Rates:

Mr. Stribling is suggesting 5-1/2 to 6 % and explained there would be a period of digestion here where squeezing out the kinds of returns we have had over the past 5 years is very unlikely. He further stated the District does not have a large pool of participants that have a lot of years of service that makes this an easier way to go.

Greg Dieguez than asked what the fees are going to be and what we have to net to earn 5-1/2 to 6%?

Mr. Stribling reported HighMark does long term projections for the different investment objectives that you see on page 4 of the 5 page presentation. Most people end up in the Balanced Objective. This is a 60 - 40 mix of strategic stocks, bonds and cash. The Moderate Objective is 50 – 50 mix of stocks and bonds.

The net number after expenses for long term expected return for the Moderate Objective is right around 5-1/2%. For the Balanced Objective it would be around 5-3/4 – 6%. This would be after imbedded fund fees as well as our fee.

Greg Dieguez questioned at the last presentation, we heard 58 - 60 basis points. Was that the PARS Plan Administration Fee? Was that Mutual Fund expenses, was it both, or what?

Mr. Yu explained that was for the Investment Management Fee only.

Mr. Dieguez then further asked what are the fund expenses, custodial fees and every other fee you can think of in addition to that fee.

Director Slater-Carter requested to see all these fees in writing.

Mr. Yu reminded the Finance Committee and the public that documents had already been sent that have these fees in writing.

Mr. Stribling explained Highmark's fees are as follows:

The all in fee for the Balanced Objective is 114 basis points for the active strategy. This includes the investment management fee as well as the imbedded mutual fund fee for the active strategy. For the passive strategy it would be 75 basis points.

For the Moderate Objective, it is a little lower at 109 basis points for the active strategy and 74 for the passive strategy.

When we come back in a year and we talk about the returns to the fund, the number we quote you is going to be net of the expense ratio. This will not include the Investment Management Fee.

Director Huber questioned when you say 75 basis points, is this equivalent to $\frac{3}{4}$'s of a percent? Mr. Stribling answered yes. Director Huber noted he looked at Vanguard's total stock market index fund and it's lower. Mr. Stribling reported Vanguard has a passive strategy which would be much lower.

Mr. Dieguez asked if the passive strategy consisted of ETF's and index funds? Mr. Stribling answered yes.

Director Slater-Carter requested Mr. Yu to give the PARS fees.

Mr. Yu reported there is a flat fee of \$750.00 per month.

There is a onetime set up fee of \$3000.00.

There is a trustee fee which handles the cost of US Bank which is servicing as a trustee on the account and they charge 12 basis points on contributions, or 0.12% on money that enters the trust.

Director Slater-Carter explained this was very confusing. Director Slater-Carter is requesting these fees in writing for her review. Looking at the

contract it seemed there was a potential of more fees that have not been mentioned.

Mr. Stribling noted the fees are in two separate buckets. HighMark with their side and PARS with their side. Within HighMark there are two buckets which are the imbedded expense ratio and the funds which are lower for a passive strategy and then you have the investment management fee which is basically the same. Director Slater-Carter noted this was all fine except this all comes out of one pocket.

Director Huber asked what the roll of US Bank was. Mr. Yu explained they safe guard the assets. Once you put money in the bank, it becomes the assets of the pension program which is held for the planned participants. They hire HighMark as their investment sub advisor. Every pension plan has to have a trustee. You may not want to use HighMark, but 99% of our agencies do use this arrangement.

Mr. Dieguez has questions about the capital depreciation strategy. We do not have expenses for that. Mr. Stribling reported what he is quoting includes the imbedded ratio which is already netted out, but is 122 basis points for the active and 76 for the passive.

Director Slater-Carter asked what the conservative fees were for the active strategy. Mr. Stribling reported 89 basis points for the active and 69 for the passive. Mr. Stribling noted you are probably not going to reach your discount rate if you go that far down on the risk scale.

Director Slater-Carter reported as a personal investor she tends to be risk adverse. On this instance, I am looking at returns for other people. Beyond that, we are not a large community and have little growth potential. Director Slater-Carter is concerned about the unfunded liability long after she is off the MWSD Board of Directors which she has not seen as of yet. When people start to retire, what is the unfunded liability going to look like? Mr. Stribling answered that clearly depends on a number of items. Like what the actual investment returns are as well as the number of people who stick around long enough to get the pension. This is why these are all projections when the actuary does the analysis. Director Slater-Carter again explained this does not answer her concern. This has been the same answer given to her for the past 4 meetings and she has not seen anything to give her any range of choices or decision points on potential unfunded liabilities. I realize that past performance is not a predictor of future performance, but this whole plan is based on obligating the District to fund retirement for people by people who are already largely on retirement themselves.

Director Huber asked if the Directors on a yearly basis were to carefully review this and decided to change the discount rate, can this be done yearly? Mr. Stribling answered yes.

Director Huber then asked, assuming there was an economic cycle and we have the fear of unfunded liability, the way to prevent this is by each year reviewing and if the return is nowhere where it should be, the next year we could adjust the discount rate so we take the hit each year so we do not get into accumulated unfunded liability? Mr. Yu answered yes.

Is there any impediment then if in 5 years out and it looks like our investment has not done the lifting that it is supposed to, is there any impediment to our adjustment of the discount rate so the employee has to contribute more? Mr. Yu explained the Board can change the discount rate, but there is a law where the employee has to contribute ½ of the normal cost which is basically the earning of one year of future service credits and so if you lower the discount rate, this means a higher employee contribution rate and again the District could possibly amend the program to reflect that higher discount rate in order to be in compliance with state law. Director Slater-Carter asked what the fee would be to amend the program. Mr. Yu answered there would be no fee to amend the program.

Director Huber again asked if adjusting the discount rate was the main mechanism to adjust the contribution to let's say in real time address any unfunded liability or short fall. Mr. Stribling answered that or contributing extra cash. Director Huber then asked whose obligation it would be in contributing extra cash. Mr. Yu explained ultimately it is an obligation of the employer.

Director Slater-Carter questioned, you are saying the lower rate is less chance of an unfunded liability but it would cost the employees more? Mr. Yu answered this was a true statement.

Director Slater-Carter asked if lowering the discount rate meant less risk of it being underfunded and less market risk. Mr. Stribling agreed with this statement.

Director Huber explained the goal of this meeting was to be able to recommend going with HighMark or someone else and to figure out what the discount rate is.

Director Slater-Carter again asked for the fees to be written up by PARS and HighMark. There was a list of potential costs but nothing was spelled out clearly. She is requesting a written list to be provided by PARS and HighMark.

Mr. Yu provided the list from PARS today.

The conference call with Mr. Yu from PARS and Mr. Stribling from HighMark ended at this time.

Director Huber reported he talked to Vanguard today and he is comfortable looking into other choices other than HighMark.

General Manager Heldmaier noted the committee is allowed to make any recommendation they come up with. But, there is a risk which was disclosed to me earlier by Dennis, in which the Public Employee Pension Reform Act does not allow for retroactive activation so to speak so they essentially recommended getting this settled as soon as possible. Now this is coming from Dennis.

Mr. Dieguez asked if it was possible to take the money and somehow find a way to give it to the employees in another way so the Board could take another month. Mr. Heldmaier reported the Board action was to implement the PARS plan by July 1, 2015. That was the action of the Board.

Mr. Dieguez remarked you have gone through major disclosures over the last two meetings. I can update my file on this but what I say as a 6 million dollar risk is now much more than that.

Director Slater-Carter reported for a few dollars we are getting pressured into a decision that could be disastrous for the District.

Director Huber noted we are here to make a decision. PARS, we are locked into. US Bank, we are locked in and there is no decision to make there. Our decisions are about HighMark and the discount rate. This is what to start with.

Mr. Dieguez noted in order to do this you will have to pay them to do another actuarial.

General Manager Heldmaier was not certain we need to do this because what we have received so far has been slide shows. No documents. I think we will receive a report. Director Slater-Carter noted there can be no decision until we receive this report. General Manager Heldmaier explained we have to agree on an investment strategy before they can provide the report. Mr. Dieguez reported Bartel could provide a report showing the contribution at certain rates of assumed return. Director Slater-Carter reported we are now talking about 5 and we have not seen this in any of their reports. Mr. Dieguez reported he had put 5-1/2 to 6 in his hand out, then took out 50 basis points for what seemed to be the expenses we know about, and that gives a net yield of 4.

Director Huber again is suggesting looking into Vanguard. Director Slater-Carter reported Schwab would like to talk to us as well. Both Director Slater-Carter and Huber would like to talk to these two firms.

Mr. Dieguez noted to Clemens point, you could go with HighMark for a year while the assets are minimal and eat the extra expenses so you can do a very thorough investigation and not run into the problem of the retro-active adoption of the plan.

Mr. Ed Carter suggested getting legal advice regarding the timing issue.

General Manager Heldmaier reported we could have that legal advice ready by the August 6th meeting. If the committee requests, Mr. Heldmaier can have another report prepared by Bartel. Mr. Dieguez then stated he could not speak for the Board, but he thought the report should go all the way down to 4 %.

Mr. Dieguez is happy to run another report for the District as well. But, when Bartel was assuming 8.2% gross return, it ended up yielding in the market 6.2% and we would have had a 6.7 million dollar loss just on the first 7 employees by the time they died. Mr. Heldmaier asked Bartel how big that pot would grow in 20 years with 10 employees. They told me it would never grow bigger than 2.5 million a rough estimate. Mr. Dieguez reported they would not share with us how they calculated this. Mr. Heldmaier then reported he did ask Bartel if everything broke down what would we owe and the answer was 2.5 million and this is very different from your calculations. Mr. Dieguez would like to understand why his calculations are wrong. I had them reviewed by two other professionals in investment backgrounds. Mr. Heldmaier noted we just had the opportunity to ask that of Mr. Yu or Mr. Stribling. Director Slater-Carter noted they had referred us back to Bartel who was not part of that teleconference call. Director Slater-Carter suggested we should talk to Bartel again. Mr. Dieguez would like for them to review his report and see what they have to say about it and show him where he is wrong.

Director Huber suggests the following:

1. Use HighMark for 1 year
2. Investigate Vanguard and Schwab with detailed documentation
3. For the first year we use either a 5-1/2 – 6% discount rate
Director Slater-Carter asked why so high?
Director Huber reported this is realistic and can be adjusted.
4. Yearly review of performance
5. Yearly review of discount rate, further noting the employee is a beneficiary and if we are not hitting the investment objectives, there should be a higher contribution on the employee side.

General Manager Heldmaier cautioned the Committee. The adjustment of the employee contribution rate is exactly what is going to get a union back in here.

Director Slater-Carter suggests starting with a lower rate such as 5%.

Mr. Dieguez asked is this so you would not have to adjust it? Director Slater-Carter suggested that way if we adjust it up they pay less.

Mr. Carter quoted Albert Einstein "Compound Interest is the 8th wonder of the world. He, who understands it, earns it. He, who doesn't, pays it." This is what Greg has been working with. Things go along great then sometimes they go nuts.

Director Slater-Carter requested to talk about stopping the CalPERS 457 Plan and is asking for this to be part of the discussion on this whole process. Three retirement plans is a bit rich. General Manager Heldmaier suggested this be brought up at the next Board Meeting. Director Slater-Carter requested to discuss this with the Finance Committee as a future agenda item.

A suggestion of meeting again before the next Board meeting was discussed to address the legal issues brought up today. Mr. Dieguez requested to see if Bartel could respond as well. General Manager Heldmaier responded he would ask them to respond about Mr. Dieguez spread sheet and lowering a discount rate table.

Mr. Dieguez responded to Director Huber's suggestion of 5-1/2 – 6% discount rate. The reason he objects to this is the guy that was on the phone said 5-1/2 to 6% was a target market return. HighMark had 3 funds that had a track record as long as 10 years. Only 3! None of them made 6%. They averaged 5-1/2%. And out of that 5-1/2% we have to take out the 150 base points. So, I am having a hard time with 5-1/2 to 6%. This doesn't mean we won't offer the employees something with a different discount rate just because we are providing a benefit. It means we better understand the risk.

Director Huber feels HighMark is a bad deal, but this gets us out of the gate. And equally important with that recommendation we investigate other firms with the intent of going to another investment manager with a lower expense rate. The other part of that the first year will be reviewing and eventually rolling over to another firm. The Finance Committee will review yearly and adjust discount rate if needed.

Director Slater-Carter noted starting low and going up will give the employees more money in their pockets. What she heard in all these discussions was that people were having difficulty with living expenses. This has nothing to do with what we are talking about. In fact it takes money out of their pocket. Mr. Dieguez asked if the employees would be mad if we ask them to make larger contributions. Mr. Heldmaier reported that depended how the raise looks for the employees. If the employee contribution is higher than the raise, they are going to run away. Director Slater-Carter remarked, perhaps maybe we should be looking for new employees. General Manager Heldmaier reported you are not talking about taking money out of their pocket right now, the Board has indicated the employees raise would offset the employee contribution, however there is only a limited amount of money in the budget. There is limited amount of money available and we probably

cannot go over 4%. Director Slater-Carter reported we already gave them a 3% raise. Director Huber noted what we did in the budget was to allocate a certain amount to cover all the expenses related to this. Mr. Heldmaier asked the committee to not forget that the staff is completely underpaid. If you look at any other District, our employees do not get anything close to market value. Director Huber did compare nearby agencies and found this to be true.

Mr. Dieguez suggested the relevant points are to accomplish the goal, which is keeping the employees. In order to do this we are going to have to give them raises because if I remember right, they would have to contribute 6% and this would take money out of their pay. Now let's take this to the next step. The more we give raises, the more the pension liability goes up and what was assumed in the Bartel presentation was 3 -1/2% raises and this is what I used in my report. Now if you go to 7% raise, it will give you more of a pension liability.

Mr. Carter then suggested when talking to the attorney or Bartel, the first year is going to be easy to manage. The District could itself fund a 6% return to the plan and not bother with HighMark at all if this is the issue. The administrator could put the money in a money market account if they wanted to as long as it was being held for the benefit of the employees. It would cost you \$6000.00 or less to give a 6% return and not deal with these people. Self fund your own pension plan. Consider this the first year until you give yourself a chance to get your feet on the ground.

Mr. Heldmaier suggested this would be difficult for the administrator without policies in place that tell the administrator how to invest. Director Slater-Carter suggested those policies need to be put into place for all we are discussing.

Director Huber again stated he would like to go with HighMark for one year and one year only. Director Slater-Carter is concerned about backing out fees. Director Huber suggests keeping conservative with index funds. There was a suggestion from the public regarding using conservative bond funds. Director Slater-Carter reported there are no policies in place for this committee to making these kinds of decisions. Director Huber is making suggestions regarding these investments and wants to look at numbers starting at a 5% discount rate from Bartel.

Mr. Dieguez suggests regardless if you adopt this for the first year or not, the cost of administrating your own investment with a guideline about where the money gets put and it gets put into Vanguard with 19 or 25 basis points instead of 150 basis points. Sure we have to give Clemens guidelines. Just say if it goes in this fund, we would save a boat load.

Mr. Carter noted this gives you time to address all the concerns the committee is faced with without rushing.

There was a discussion regarding investing which brought the Finance Committee back to making policies.

Mr. Dieguez suggested the policy should be when you decide where we are going to invest the money, the Board votes and that is where it stays until the Board votes again and changes to 70 – 30 or some other balanced fund. The Board needs to pick the investment philosophy.

General Manager Heldmaier will confer with the attorney regarding the risk of delaying the decision until September.

Director Slater-Carter suggests taking Mr. Carter's suggestion and invest the money immediately. Director Huber would like to get an OK from the attorney before we do this. General Manager Heldmaier suggests we need the discount rate before we can do this as well.

Mr. Dieguez would like to have Bartel give us the right net figure given what we now know about expenses. Director Slater-Carter noted the employees are relying on this information too. It is our fiduciary duty to give them the correct information too.

Director Huber wanted clarification on what will be done next.

General Manager Heldmaier reported he would talk to Mr. Schricker about delaying the decision to September. He will additionally ask him about possibly, to avoid complications, setting the money aside as a temporary trust.

There was a discussion regarding the hidden fees that seem to keep popping up. Director Slater-Carter again mentioned she had repeatedly asked for a detailed fee report and to date, has never received one.

Mr. Dieguez reported the major risk we take is picking the discount rate.

Director Huber noted going forward, we have a couple questions for Dave, and we want Bartel to run an analysis on lower discount rates. Mr. Dieguez requested Bartel tell him where his spread sheet is wrong. If it is wrong, it needs to be corrected.

Director Slater-Carter is requesting to have some comparative bids. Bartel left a lot of holes in their analysis. One being not using the right basis points.

Director Huber reported he looked to find other firms other than PARS and there is not much out there as an alternative. US Bank is pretty locked in. What remains is HighMark, the discount rate and a recommendation for a yearly review.

Director Slater-Carter requests to discuss at a near future meeting the 457.

Director Huber reported what our real concerns are the following:

1. Look into an alternative for HighMark. If we can't find an alternative by September 1st, we stick with HighMark with a passive investment strategy and continue to research other alternatives.
2. Cost to back out
3. Check with Dave regarding setting money aside for temp trust.

Director Slater-Carter requests to have a new analysis by Bartel by the next meeting.

Director Huber clarified the steps to be taken next:

1. Talk to Dave about putting money aside to set up a temporary trust.
2. Delay the decision to September
3. What are the fees if we do not renew with HighMark after one year.
4. Bartel to provide a new analysis starting with 5 and 5.5% discount rate.
5. Use a low load investment manager if it can be set up by September 1st.
6. If no to a low load investment manager, use HighMark for 1 year.
7. A yearly review of planned performance

There was a suggestion to set up investment policies and a set of controls to make sure you fund it and do not have the ability to run away from it.

General Manager Heldmaier reported he could not make a Finance Committee meeting next week. He will pass on any information he gets in the mean time to the Finance Committee.

Director Slater-Carter and Director Huber will continue to look into alternatives to HighMark and will report to the Board at the next meeting. This may not be able to be done by next Thursday. This is why we are looking into opening an account with someone else with the possibility of transferring it to US Bank if we need to.

Director Huber requested to be able to talk with Dennis Yu if need be. Director Slater-Carter requested to be a part of any and all of these conversations.

FINANCE COMMITTEE MEETING ENDED at 7:20 p.m.

Respectfully Submitted,

Signed _____
Secretary

Approved on the 3rd, September 2015

Signed _____
President



MONTARA WATER & SANITARY
DISTRICT

BOARD OF DIRECTORS MEETING
August 6, 2015

MINUTES

REGULAR SESSION BEGAN AT 8:15 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, Dave Schricker
District Water Engineer, Tanya Yurovsky

PRESIDENT'S STATEMENT – Director Boyd thanked the public for their patience due to a small paperwork problem and the closed session going over a bit. There was no action to report out of closed session and there was direction given to staff. Director Boyd welcomed the public and reminded the public this meeting will not be run like the last meeting in a workshop style. We have a lot to get to tonight and this meeting will be run as a regular Board Meeting. All speakers need to fill out a speaker slip for each item you wish to talk on.

Director Boyd further commented on what good shape the District is in due to the wonderful conservation habits of the community. He thanked the community and asked them to continue to conserve.

ORAL COMMENTS -

PUBLIC HEARING –

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

General Manager Heldmaier reported 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.

Director Boyd opened the Public Hearing and asked for any comments from the Public.

Joel Colletti, Montara resident thanked the Board for opening this up to the Public. Mr. Colletti has no objections regarding the Appropriations Limit but he has another comment he would like to have addressed. Mr. Colletti would like to have the Board speak to allocating under budgeted resources, paying down retiring debt, the servicing debt. I think right now it looks like we are going to be incurring more debt. I do care about the fiscal health of this Board and community and I am looking for comments and or suggestions that would bring things to the table to help us look at some of the macro components of the water district and how that could help to benefit the rate payers as well as other important agenda items such as an appropriate retirement plan such as what we are here to talk about tonight.

Director Boyd asked for any other comments from the public.

Hearing none, Director Harvey moved to close the Public Hearing.
Director Wilson seconded the motion.

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

Director Wilson moved to adopt the next Resolution in line, a Resolution of the Montara Water and Sanitary District Determining the 2015-2016 Appropriation Limits. Director Huber seconded the motion.

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

CONSENT AGENDA –

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

Director Harvey moved to approve the Consent Agenda. Director Wilson seconded the motion.

Director Slater-Carter commented she had received her packet at 2:00 this afternoon and because of other commitments, she was unable to review the packet. Because of this, she will be abstaining from the approval.

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None

Abstention: Slater-Carter

OLD BUSINESS –

NEW BUSINESS-

1. Review and Possible Action Concerning Authorization to Amend SWRCB SRF Funding Agreement SRF 12CX109 (SRF-022).

General Manager Heldmaier reported 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.

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 capital improvements 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.

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.

Director Huber asked what is the rationale for this amendment.

Director Wilson explained this will allow us to augment our reserves and for very cheap you can pay it down at will with no prepayment penalty whatsoever and at 2% it actually helps to resolve the problem of our Reserves being a little on the skimpy side.

Director Slater-Carter asked what we need this money for.

General Manager Heldmaier explained the money is needed for the projects. The projects are being paid through the State Revolving Loan. However, the District collected already rate payer funds that were anticipated to be spent on the projects. What this does in essence is it becomes a huge buffer for the District's water side. It resolves the issue of not having reserves at this time.

Director Slater-Carter questioned if we are paying interest to fund our reserves? Director Slater-Carter is not seeing anything that tells us where this money is going in the staff report.

General Manager Heldmaier explained the money is going directly to the projects.

District Counsel Dave Schrickler further explained it is encompassing the agreement which designated SRF12CX109 and the application SRFLoan-

022. The project was approved some years ago and encompasses the projects in the report. It provided funding for the treatment plant for the Alta Vista, the pump itself and the tanks. It was a multi project. This is a reimbursement for the money that the District had already paid. This covers the same projects with an enhanced amount of funding.

Director Slater-Carter asked if the District would end up with 1 million dollars left over to do whatever we want. If we already had the money, why would we pay 2% on anything, why are we running up the costs for the District? I do not see what the payment is, I see the costs for the project, and I see we would be paying less than \$600,000 for interest. Is this correct?

General Manager Heldmaier responded this is the information we received from the State.

Director Slater-Carter questioned if the cost was the same between borrowing the original \$2.9 million and the proposed \$3.9 million.

District Water Engineer, Tanya Yurovsky explained this is actually showing currently the District is providing \$1.595,000 of its own money towards the project.

Director Slater-Carter asked if that number was the cost of the project. Ms. Yurovsky answered yes.

Director Slater-Carter noted so we do not know what the cost is going to be.

Ms. Yurovsky explained we do know this, but it is not included in the Board Packet.

Director Slater-Carter then asked if we have this in the budget.

General Manager Heldmaier explained no, we do not have to have it in the budget because the District will not start paying on the loan until the project is completed for 1 year. This will have to be in the budget for next year.

Ms. Yurovsky further noted we have run the rate model with Bartle Wells for the next 5 years. Bartle Wells said this loan would not result in a rate increase and it all fits in the current rate model.

Director Slater-Carter noted the 2% may take away from other projects the District may need. General Manager Heldmaier explained we will have an extra 1 million dollars for those projects. Director Slater-Carter noted, we are putting this in our reserves and our policy states we do not use our reserves for just any project. General Manager Heldmaier reported but we budgeted for an increase in reserves so that money can be used for projects.

Director Harvey asked Ms. Yurovsky if we should be indicating this money is for future projects instead of reserves. Ms. Yurovsky explained this would give you flexibility.

Director Huber noted this would give us flexibility at a low interest rate. General Manager Heldmaier answered yes.

Director Slater-Carter asked to have the specific projects named. General Manager Heldmaier reported: The SRF Projects that are listed on the Staff Report tonight are Alta Vista Well, Schoolhouse Tank East, Schoolhouse West and construction of the Alta Vista Tank. This is a wonderful opportunity and that is why we were so excited to bring this to the Board.

Director Slater-Carter reported according to minutes just approved by a 4-1 vote, California's Local Agency Investment Fund where we put our idiosyncratic sewer funds is bearing an interest rate of .299%. That is not over 2%. I am concerned about this.

Director Slater-Carter moved to 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 with a caveat that the funds freed from the District from using this for infrastructure and not operations.

Director Wilson will not second that motion. Director Wilson feels we should not strain the District. We as a Board as we go forward, have the capacity of making those decisions based on unknown needs. We should go ahead and trust the process.

Director Harvey asked for clarity in terms of what the money will be used for. General Manager Heldmaier reported this is a funding agreement, funds are designated for those projects and frees up money for capital projects. That is what it does. This money is designated for Capital Projects.

Director Harvey is seconding the motion.

Director Boyd does not see binding the money, I prefer to reserve the flexibility to a future board.

Director Slater-Carter suggested we are then playing a shell game by using borrowed money to pay off loans, but we still have a 2% interest rate that we would not have if we did not borrow the money. So then we are going to use up money, but we will still have the 2% interest rate to pay back. I like the idea of having a loan, but I do not want to use this for operations.

Director Huber is not in agreement with this being a shell game.

The State is giving us the opportunity of flexibility at a very low cost and at a cost we would not be able to secure on a capital project going forward in the future.

Director Boyd added we have used SRF Loans for many things in the past and have been very responsible in every instance. SRF Loans have always been very attractive and below the typical cost of living we see here. This is a very low cost and gives us flexibility.

Director Slater-Carter withdrew her motion. Director Harvey withdrew his second.

Director Huber moved to 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.

Director Huber moved to adopt a Resolution next in order, Pledged Revenue and Funds Resolution. Director Wilson seconded the motions.

District Counsel Dave Schricker read the resolutions over for clarity of the two motions.

A Resolution of the Montara Water and Sanitary District stating intention to reimburse certain expenditures incurred in connection with project finance with monies provided by the State of California acting by and through State Water Resources Control Board (SRF-12CX109; SRF022)

A Resolution of the Montara Water and Sanitary District authorizing the General Manager to sign financing agreements and certifications for funding on the Drinking Water State Revolving Fund DWSRF. Authorizing the General Manager to approve claims for reimbursement, execute budget and expenditure summary, sign the final release form and certification of project completion and pledging and dedicating net water revenues to pay the DWSRF financing.

Director Huber moved as so read by Mr. Schricker. Director Wilson seconded the motions.

Director Slater-Carter reported she will abstain due to she has no insurance that this money when freed up will be used for operations so we will be essentially taking out debt to pay for operations. This is a very fiscally imprudent way to manage anything. I will be able to express this more clearly under new business item 4.

A roll call vote was called for:

Ayes: Harvey, Boyd, Wilson and Huber

Noes: None
Abstention: Slater-Carter

The motion passed with a 4 – 1 vote.

2. Review and Possible Action Concerning District Filing the Notice of Completion for Pump Station Control Panel Upgrade Project – Phase 1.

General Manager Heldmaier reported on March 6, 2014 the Board approved the Telstar, Inc., 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 and 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 & 3: Replace the rusted MCC at 7th street and add improvements to Airport and other stations planned in Phase 2: \$92,081.09.

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.

Pippin Cavagnaro, District Sewer Engineer gave a brief presentation regarding the goals of improving the operational costs and overtime costs for unnecessary call outs and reduce response times to insure we can get to potential spills quickly. The goals technically on the project were to increase the sensors in the pump stations to have more sensors to have redundancies so if high level floats fail we would have quality sensors. We were additionally able to take care of a number of code issues in which substandard feeders were upgraded. New transfer switches and much more sensitive phase monitors.

One of the problems we have here on the coast is brown outs. Most homes would not notice brown outs as our pump stations do. We were getting alarms from PG&E just about every night. We have been able to upgrade equipment to help with this issue.

Joel Colletti, noted he had heard Director Harvey tell us the infrastructure was in good shape and we are fortunate to have some capital to work with on these capital projects. One of my concerns is that you just came to the rate payers asking for a 3% rate increase to build out on the Alta Vista and

other Schoolhouse projects and yet the Board just approved 3 million dollars that is paid for by rate payers and I am confused. My question is for Pippin, is that noise coming back from the relays going back into the power grid and causing brown outs to this community, and why are those pumps being used to pump out street water that is infiltrating the power system or are these pumps that are being used to power up if there was a rain storm and somehow washed up a fluid? Can you please explain this a little further because what I am feeling is asking for more money for these kinds of projects for infrastructure that is essentially sound then coming to the rate payers and asking for money. But if the equipment is failing in such a way that it is causing problems to PG&E infrastructure, that serves the community, because when I spoke to a senior engineer about the brown outs, I was told they were taking us off the HMB grid and moving us over to the Pacifica grid to avoid such black outs. Now to be talking about new technology per system that was normally for these types of projects was funded with grants and all of a sudden we are sending cheap money at them and I think the Board has the responsibility to find out more and not be bogged down with technical jargon and find out how it actually impacts the community.

Mr. Cavagnaro will simplify a couple of points. The PG&E grid has a repeated brown out problem which has repeatedly damaged the district water wells and sewer pump stations. The noise I was referring to has to do with PG&E choosing what grid they want to provide power to Montara on. We have no control over that. The level of our equipment is very small. The Sanitary District Pumps on a scale of PG&E is very small. Our system has very little to do with you simply starting a washing machine or something in your house. I do not want to give the public the wrong impression that our equipment is causing brown outs.

One final comment is any money that had been talked about earlier is water money only and has no affect on the sewer funding.

Mr. Collette thanked Pippin for answering his questions and then asked what non monitory type of process is put into place to provide us a stable, clean facility that would negate having to come back to the county for any other infrastructure improvements?

Mr. Cavagnaro explained this is something you need to take care of in the voting booth or write a letter to the governor.

Mr. Cavagnaro reported our sewer pumps are required by code to pump sewage. They are affected by rain because there is infiltration. The intent is not to pump any rain water anywhere. That is a separate system.

Director Slater-Carter moved to authorize the General Manager to file the Notice of Completion with the County Recorder and start the 35 day lien release period. Director Harvey seconded the motion.

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

3. Review and Possible Action Concerning California Special Districts Association 2015 Board Elections.

General Manager Heldmaier reported 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.

Director Slater-Carter noted it is no longer called Bay Area, it is now Coastal Region and additionally she reported all the candidates are from southern California.

Director Slater-Carter wishes to attend the CSDA Convention in September. What type of authorization does she need?

Director Wilson asked what the process for a request such as this is.

Director Boyd reported past Board practice is we generally discuss this as a Board. He appreciates Director Slater-Carter for asking. Director Boyd further noted the Board gets a real benefit from Director Slater-Carter's participation with CSDA.

Looking around, Director Boyd sees consensus that all Board members are in agreement with Director Slater-Carter attending the CSDA Convention in September.

Director Slater-Carter recommended Elaine Magner for seat A.

Director Slater-Carter moved to authorize the General Manager to submit the ballot for Seat A in Region 3. Director Huber seconded the motion.

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

4. Review and Possible Action Concerning Alta Vista Tank Construction Change Order to Substitute Subcontractor in Lieu of General Contractor.

General Manager Heldmaier reported Western Water Constructors, Inc. the Contractor for the Alta Vista Tank No. 2 project, requested that we be allowed to use a subcontractor specializing in Horizontal Directional Drilling (HDD) in lieu self-performing this work using open trenches and shoring. The HDD method would eliminate the risks associated with having their workforce in an over 20 foot deep trench with vertical walls and any fall

hazards from above that are present with open trenches. It will also be less disruptive to the existing conditions since the contractor would not need to trench in Alta Vista Road. Additionally, the Coastal Commission requires the District to maintain a path of travel for pedestrians throughout the project and trenching in the road would at times force the contractor temporarily to close that access in certain areas.

We have a presentation by SRT regarding the progress of the tank at this time.

Tim Monahan, of SRT Consultants gave a brief presentation on the progress of the Alta Vista Tank #2.

A copy of this presentation will be attached to the approved minutes.

Director Slater-Carter moved to submit the change order for compliance with all specifications, and approve the No-Cost Change Order request. Director Harvey seconded the motion.

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

5. Review and Possible Action Concerning PARS Investment Strategy.

General Manager Heldmaier reported at the July 16th 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©). 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 the fees associated with the suggested HighMark Investment Management Firm.

Director Slater-Carter had passed out a note regarding her concerns and reported she has more. We are being asked to make a decision that will encumber this District with millions and millions of dollars of unfunded liabilities. For a life time over 7 employees. We do not know what those are. The public and I have been asking questions, we have not been getting the full information on the costs of the plan. Some of the costs of the plan were revealed not at the last Board meeting but at the only Finance Committee meeting held last week. We did not get our staff report until 2:00 today with the updated actuarial analysis. I don't know when it was available to the public but I sent it out personally to people I have been corresponding with. A decision of this magnitude the Board needs to have all the costs and all the long term ramifications revealed. I handed out a note I had received from Tom Lambert of Westpac out of Oakland and after a brief conversation, he laid out what should be done and who can do it. His thought was we would be paying excessive costs. We will be paying \$12,000 one year then \$12,000 x 3% the next year and \$12,000 x 3% x 3% the next year and pretty soon we are talking about money that could have been used for other operational kinds of things. As I read the sheets from HighMark, they told us orally we did not have to use them, there is language in these sheets that leads me to believe we have no choice. The Personal Committee chose them, they chose HighMark, they chose a defined benefit plan and all I can do right now is to convince you to go with what leads the District in the least financially responsible discount rate at 5%. If you read in the HighMark documents handed out tonight on page 2, it states HighMark assumes a 5% annual return. I suggest, since the District is paying 100% of the cost anyway, it's better to pay upfront than to get significant unfunded liabilities 10, 20 or 30 years down the road. We do not know what those liabilities are going to be. A citizen has very graciously run some numbers. I would have asked Bartle to run these numbers based on the 2016 accounting standards so we know what we are getting ourselves into. It may be said that we are still at 0% because we have no retirees. We won't have retirees for a long time. But, at some time we will and will have costs. In reading information on PARS, it's assumed the District will have policies guiding the Finance Committee to make the right decisions. It's assumed the District will have these kinds of policies. Maybe our policy should be to go for the cheapest cost now and we could make that decision, but we do not have this policy. As Treasurer it is my fiduciary responsibility to everyone who lives in this District and everyone who works in this District, and everyone who is going to be retiring in this District to make sure we can pay our debts. To make sure we can pay what was promised and we can keep our District in solid financial shape. I am not arguing against retirement, I am arguing against putting this District in significant debt in 20 years. This kind of funded liability will hamper future Boards. Right now I can't get the information on how the unfunded liabilities are being handled by other Districts and Cities. But it is at significant cost that keeps rates affordable, to do new infrastructure projects and I believe this also puts their retirees at risk. I do not want this to happen. Given this, my recommendation is to go with the plan as approved by Personal Committee but with the 5% discount rate that HighMark

recommends. A copy of Director Slater-Carters letter and Mr. Lamberts will be attached to the approved minutes.

Director Boyd asked if the 3 investment vehicles that were to be brought to the Board for consideration tonight were available. Director Slater-Carter explained this could not be done until we decided on a discount rate. Director Boyd stated the Board gave direction to the committee to bring us information on potential investment vehicles and what I am hearing is we do not have this. Director Slater-Carter had handed out information and explained this is what she had been able to do in two weeks. Director Huber reported his understanding on what the Committee was to work on was the alternatives to HighMark. In the meeting we did have a phone conference with PARS and HighMark and we were told we did not have to use HighMark even though most of their clients do. I then contacted Vanguard but the issue with Vanguard is that it would not be a managed fund. So they would not give us an investment strategy, they would just be able to execute through their funds whatever strategy we decided on. So, if you are looking for an actively managed fund, then Vanguard would not be able to fit the bill. If it was an index fund, they could do it. So to make specific recommendations, we would have to make a decision on do we want an actively managed fund or a passively managed fund. This seems to me something the whole board needs to vote on. The second one is the investment strategy. HighMark did it in terms of conservative through a growth type of scenario in which it was a balance between equity stocks, and bonds and cash. The conservative ones that leaned much more towards cash and bonds the higher growth ones, the balanced ones were more heavily balanced towards stocks. So they all have slightly different risk profiles and different expected returns. It seemed what we needed to resolve was what the discount rate should be. If we set the discount rate to low, we burden the employees and District with higher the need be cost. If we set it to high, there is a chance of unfunded liabilities. In the final analysis, it depends on who you talk to as to where that discount rate should be. Secondly, we need to vote on was the investment manager and should it be HighMark, or should it be Schwab or should it be Vanguard. Or even Blackrock or Fidelity for that matter. Because of these issues, Kathryn and I could not reach consensus on any recommendation and it seemed the Board should vote on these issues.

Director Harvey wanted to discuss managed versus unmanaged. Director Slater-Carter suggested we let the public enter into the discussion because there are people in the audience she has been speaking with for guidance.

Director Boyd wanted to make clear this agency has made a decision to have a defined benefits retirement plan. It has been suggested the Board did not do their due diligence on this. This is a matter of opinion. We have a record going way back on doing as an agency to provide gratuity and benefits here in Montara so it is earn here other than earn elsewhere.

This motivated us and we have been looking for some time on how to go about doing this. We resolved the fundamental question on that last week. Now we are trying to figure out who the planned administrator is and where we are going to invest money. We have a base line default. Our plan is to see if our default plan that is good enough to go with now or do we want to select something different.

Director Slater-Carter asked that the letter received from Deborah Lardie be placed in the minutes. Also Vic Abadie asked to have his sentiments attached to Deborah's letter of which he agrees entirely with. A copy of Ms. Lardie's letter will be attached to the approved minutes.

Bill Kehoe, Moss Beach resident remarked maybe you decided on the plan, but I really think you should have done a better job with that. Just to have one person come in and have nothing to compare it to is not doing due diligence in my opinion. As far as what we are supposed to talk about tonight, let me first say I did read Deborah Lardie's letter, I read Greg's comments and read Vic's comments and they are all spot on. What I see in this document that was given to us late is one year. At the last meeting we all asked for a 15 to 30 year run out. I don't see any trending here on what the cost is going to be, this is doing a disingenuous service to the District. It just shows the cost for one year when it will be the lowest cost you are ever going to pay. Then they are going to go up and then they are going to go up again and again because you can look at the history of these kinds of investments. We discussed this last time on how defined benefit plans bankrupt cities and private industries through the 80's and 90's. Even Director Harvey said "are we the dinosaurs" and let me say yes you are the dinosaurs. The thing that scares me the most that if you go through with this after what we saw what happened with the Fire District and what happened with their unfunded liabilities is that you are opening the gates to put us into a financial wreck that will eventually force us into consolidation with other districts. I think that once we get into that type of a hole, LAFCO will be nipping at our heels. If you are talking about not wanting to strap future boards with all these undue burdens of decisions. Think about what you are doing. I think you are going to ruining what we consider a gem. This document doesn't have enough data. Why do we not have a 15 year trend of what this is going to cost?

Director Boyd asked if there was a copy of what was presented by the actuary. General Manager indicated it was in the Board packet but pointed out this was preliminary because we have to pick out the investment strategy before we can have a final actuarial evaluation. Director Boyd explained the point of doing the actuarial analysis is to inform us what it will take to fully fund each and every year on a the basis the actuarial analysis is updated every year or as often as we want. As we go and we are not getting the returns we need, then we need to increase the contributions. If we are doing this going forward the liability is something we

can dial in by adjusting the contribution and if it gets to where it is starting to go off the rails, the Board has the right to take actions to do some changes. There are knobs we can turn.

Mr. Kehoe is requesting a graph that has boundary conditions. You will see a bunch of curves following the same lines but having different rates depending on which knobs you turn. I should be able to see by looking at one picture what it would be if knob b was turned to 6% return and x amount of contributions. Also if knob c was turned to something else. What is the worst scenario and what is the best scenario. I want to see something I (a rate payer) can see a better understanding on where we are going to be in 5, 10, 15 and 20 years. Actuaries have these numbers and can easily put them out. I see a lot of misdirected information in these packets that tell me what I really do not need to know. What I have been reading seems to be contradictions or missing information. If we don't have these things nailed down, why are we voting on these things.

Director Boyd reported the Board has not decided on the investment strategy or vehicle yet because the committee did not bring back the information we needed to be able to make a decision on tonight. There is work to be done.

Director Slater-Carter reported the committee could not do the work because they did not have the policies or the conversation with the Board to give us the direction. Director Huber noted there was disagreement on a number of things and a lot of these things needed all of us to weigh in on.

Director Boyd reported he was disappointed we did not have enough data in front of him. He was hoping for numbers, strategies, past performances, and to see what their investment strategies are.

Mr. Kehoe suggested there were discrepancies in the numbers. I am still not sure what we are paying PARS for and why we are stuck paying US Bank those certain amounts. Why was that not put out to see competitive rates. You have already decided and now it's too late.

Director Boyd explained we had the PARS numbers in front of us when we decided.

Mr. Kehoe still asks why there were not 3 bids and he will continue to ask this.

Director Wilson suggests we need to go back out and do more work. I recommend we focus on what this committee should bring back to us in a way to make this decision.

Director Slater-Carter recommends using the lowest amount of unfunded liability.

District Counsel, Dave Schricker noted in conjunction with the statements that have been made and to adhere what is on the agenda, it may be helpful to the Board to look at the document that is in your packet entitled Investment Strategy Selection and Disclosure Form DB Plans.

There are 3 columns and the middle is a general summary of each of the strategies listed. This would be my recommendation for the Board to focus on for purposes of adhering to the agenda and the interest of time.

Greg Dieguez, Montara resident attended the Finance Committee meeting last week and for the first time expenses were disclosed by HighMark that ranged up to 122 basis points on their most aggressive investment. There are two things to talk about. One is what the discount rate will be that we can expect to yield and what are the costs we have to reduce from the yield to expect to get in order to be able to pay them at this end. On the discount rate, HighMark has never earned more than 6%, not even 6% on the funds they are recommending. They recommend we go with the most aggressive strategy to have a prayer of making it. That involves a higher cost but the net yield they expect to be higher. Their portfolio manager said 5-1/2 to 6% was the range we could expect to yield. You are all probably aware all the CalPERS agencies to net 7-1/2%. The Santa Clara Grand Jury recommends 6.1% for the discount rate. I looked at the financial statements for the two agencies next to us that have recently established health benefit plans. The discount rate for North Coast is 5.9% and the discount rate for CCWD is 5%. Even with this rate CCWD already has \$2,654,000.00 in unfunded liability. I think anything higher than 5 % is not going to be attained. I have begun to do the analysis that Mr. Kehoe has asked for and I ran out 50 years for the current 7 employees assuming the growth in salaries that was forecast by Bartel and I drew the other expenses at the same rate of inflation. Just for those first 7 employees if we yielded 8.36% and net the 7% that Bartel presented in one of their examples, we would be ok. But, if we yielded 6.2% we would see a 10,000,000 dollar swing and we go from a healthy plan to a \$4.3 million dollar unfunded liability. Again, this is just the current 7 employees. There is a huge risk for picking the wrong discount rate. There are some numbers I put in my hand out and what I found interesting is that over the 50 years, all the contributions contributed by the District and employees to the plan would be a little under 2.7 million. What the expenses we would pay would be 2.9 million. We would be better off handing the employees the 2.9 million than running this plan. I believe there are misrepresentations unless there have been new documents presented by HighMark. I took careful notes. There is an Investment Management Fee for 58 to 60 basis points. In addition to that depending if you pick active or passive and which investment strategy you pick it ranges from 69 to 122 basis points. What I am saying is based on their portfolio manager's recommendation when we do the passive strategy that means we have 76 basis points and add this to the 60 basis points. That is 136 basis points. So whatever you think the investment is going to yield, subtract 1.36% because that is the discount rate. I hope those comments are clear

and I will be glad to update this analysis. If anyone wants a copy of this memo or spread sheet I will pass around and will update the spread sheet for what you decide the discount rate is and any other minor tweaks that come out. I will be glad to present the curve Bill wants although not in as elegant of fashion but showing the potential risk is at different rates of return given a certain selection of discount rates. Be careful, we are talking \$10,000,000 dollars. If it is true that the expenses are lower, I will redo the spread sheet. Mr. Dieguez then turned to the staff and asked them if they understood what he was talking about. A copy of what Mr. Dieguez presented to the Board will be attached to the approved minutes.

Joel Colletti, Montara resident stated he had just received the information a couple hours ago and usually he would take more time to read over the material before he would point fingers. Mr. Colletti stated he thinks the Board has made a financial fiasco out of our good employees work here in order to provide a retirement. Nobody in our community would begrudge this. Mr. Colletti wanted to go on record by saying every time he comes here he is short on resources on what is being talked about in which transparency which the 218 notice was going to get us more involved as a community. It seems that the Board has their own course. Before I give financial consulting advice you need to know my background is 35 years as an Investment Wealth Advisor, and Financial Planner. When I read Greg's numbers, I was really upset and I am really disappointed in the Board with the exception of Kathryn. Since you guys already got us into this, I am going to try to help you save some money. I have done this and have offered these plans in the past. A lot of this stuff is negotiable, basis points or beeps as they call it. You can get these people to take a smaller cut of these fees before the plan starts. I am not sure if anyone on this Board has this ability or expertise where they can go in with these managers and tell them what you need not what they want because it's all about what they want. I am not in favor of this plan in any way shape or form. More due diligence was needed and as Mr. Kehoe said there should have been more plans on the table. I have run these hypothetical before for clients and there are all kinds of ways to have them come out to the result you want to hear which is fully funded. Frequently these funds do not fund. I would like to bring to your attention Colorado, Washington, Oregon, Santa Clara, Santa Cruz, all have plans that are unfunded. They were all given the same dog and pony show to get you to spend money all in the name of helping the employee. It doesn't always work that way and the Board could have asked for them to provide 3 or 4 different hypotheticals. I think a passive plan is a good plan for these employees, I don't know how many of them are technically savvy to sit and analyze mutual funds or look through the portfolios. Some of the HighMark Portfolios are pretty nice and they offer some very good funds that within the right hands could probably get a decent return. Everyone is looking at the discount rate, but what we have to look at the risk free reward rate. Historically it has been 5 -5-1/4% over the last 30 or 40 years. This is what you could generally get 30 year treasuries in to help fund some of these types of programs. However, we are not in that interest environment.

To say we can fund this plan coming in at the top of the market now, having one bad year in the market could mean 36 – 38 % loss of returns. I think we need to look at something that has some sort of guarantee where regardless of what is usually found in insurance contracts. These types of contracts provide a return on investment if the fund does not meet its funding criteria, the insurance company is on the hook. This is something that can go beyond the scope of the Board. You have a bunch of suits looking at you right now and hoping you bite. This is a way to subordinate this District in such a way that these returns are not met, the County should be funding it. This should be funded in part by employee's contributions, partly with whatever this District could make and looking for any annuity type products that generally have lower cost of expenses. Again, I can't say how disappointed I am. Going forward I hope we subordinate our rate payers and our community in a way might cause the County to annex us with HMB which I am totally against. Looking at these numbers which are some of the worst I have seen someone compile it is just not right. We need to figure out a way to get some of the basis points knocked off and get that 5-1/4% risk free rate of return and since there is no 5-1/4% risk free rate this needs to be modeled at a 2-1/2% risk rate return. Finally Mr. Colletti commented on the cola. We have not had 2-1/2% inflation in 10 years. We are negative right now. Some of these numbers they are just blowing smoke at the Board. Please work harder to make up on the mistake you have made and look for ways you can put the pressure on the manager you use. You did this to us and to yourselves and now you are going to have to try to put the pressure on these people and find the right plan.

Director Boyd reported he needed to correct something. This is something we did not do in a week. We have had a number of meetings this year regarding this topic. They have all been properly agenzized. I appreciate you are here and involved. But let's be clear, we have been working towards this for quite some time. We have had a number of meetings publicly noticed and video recorded and on the internet. I understand what you are saying and I took a lot of notes. And I appreciate your interest, but this is something that has not been done in a week.

Mr. Colletti does not understand and is looking for feedback on is why the County is not picking up the load. Director Boyd explained the County has no obligation to this District. And if you do not want subordinating from the County, this is not the path to take. Mr. Colletti puts a lot of trust in the Board and has never second guessed them, but when he learned of this, it raised flags.

Director Slater-Carter noted the actuary used incorrect data and gave us a fatally flawed study that still has not been corrected.

Director Boyd reported the actuary has not run the projections on the investment strategy because we have not selected an investment strategy.

There are 5 different projections in the packet tonight and it will get dialed in when we pick the plan.

Ed Carter, Montara resident reported he had delivered a letter tonight and passed this out to the Board in which he would only read a couple sections of the letter that talk about the actuary and history of public agencies failing to act correct to situations resulting in huge unfunded liabilities.

Mr. Carter then read the following from his letter:

In addition to its failure to make it clear that the district will bear substantially all of the costs of Plan administration and investment expenses, Bartel makes no effort to alert the board to the substantial deficit which can accrue if even a minor funding error is made when employees retire and begin drawing benefits yet states that they have a maximum of 60% confidence in their discount rate forecasts.

There is a history of public agency boards' failure to act responsibility in providing funding to pay these types of liabilities. The provisions of PEPRA help but do not insure against unfunded liabilities which could run into millions of dollars. I encourage the Board to deliberate more carefully on future decisions concerning this pension plan.

Mr. Carter fully supports Mr. Kehoe and Mr. Collette's points that you need a picture of what the discount rate is going to look like over the life of what you are doing before you can pick a discount rate you can work with. The first year won't get you anywhere. Mr. Dieguez has been working to show this Board what can happen out at the far end. Albert Einstein called compounding the 8th wonder of the world. Those that understand it receive it. Those that do not, pay it. This can go crazy in a short period of time and can go crazy at the end and bury an agency like this. You folks are transitioning from an agency that provides services, employee's people and pays them to an agency taking on a level of risk you have never experienced before. This is a big responsibility and really needs careful, careful consideration. The employees that get into a plan with a very liberal discount rate when their contributions are minor are going to kick and scream if down the road was the wrong choice and you have to bump that rate. That is going to spell trouble for you and your employees trying to balance their budgets. Please proceed carefully as a rate payer here in this District. A copy of Mr. Carter's letter to the Board will be attached to the approved minutes.

Director Harvey noted this plan is PARS and not CalPERS. There are new laws that keep this from happening. This is a 3 year contract in which adjustments can be made. We have made this decision some of the examples that are being talked about as being horror stories are CalPERS.

Director Boyd reported it's the retirement plans that offered 2-1/2 at 55. 2% at 62 is substantially a decreased benefit. Right now we are offering 0 at never. 2% at 62 comes on the heels of the big packages that were being paid off. There are horror stories out there. People dialed it in when they learned something about the horror stories and PEPRA came in.

District Counsel, David Schricker was concerned about the record. You are getting into a conversational debate.

Jack McDonald, Montara resident stated he supports the decision the Board made. This is a modest plan and I think it will work out well for everyone. I am a retired employee from Burlingame, one of those evil PERS recipients now. For a while both the city and employee put something into PERS. In the 90's when the stock market was going, the city did not put anything in for years. Nothing at all. When the stock market tanked they had to put more in. Now, it has kind of come back. Actually, they are putting in less now. These things kind of go like this, but we are looking at the long run too. The City of Burlingame is not under water. The City of Burlingame is doing just fine. They are making money and they have hired several new employees. There are a lot of cities that are doing well and I think we need to remember it wasn't PERS that caused the economic downfall, it was the financial industry. I know when people are talking about unfunded liabilities, or this kind of retirement is some kind of dinosaur, unfortunately it is right because the only kinds of people who have these kinds of plans are public employees. The reason they are dinosaurs is not because they do not work, it is because corporations want to make more money and screw their own employees. These are the same people who ship your jobs to China. These are same the ones who took away your pensions and 401K's. This is not a bad plan at all. Even if the stock market crashed and Montara fell into the sea, and my water rates go up 20%, what's that? An extra \$20.00 a month! I would pay 10 or 20% more if these guys get a good retirement because I believe in that. This is a price of a dinner for goodness sake.

Director Boyd announced he would take no more comments from the public. The following will be a Board discussion only.

Director Slater-Carter requested the Board members to look at page 6 of the June 30, 2015 actuary evaluation that came today. In my note to the Board that I asked to have as part of the minutes. I noted in all of the previous preliminary results the actuary evaluation had used 30 basis points as the cost. In comparing the 7, 6-1/2 and 6% to the previous ones, those being the same, the 5 and 5-1/2% must have used the same 30 basis points. However, since we need to get out of here by 11:00 and need to select a discount rate, I suggest we choose the 5% discount rate in spite of the wrong numbers and use the rate of annual return (5%) on the tariff sheet HighMark has recommended. I also recommend any proactive pay increases to cover these and to go back to July 2015. I understand these numbers are higher than the employees have seen before but I think we

should pay upfront and I would rather see in terms of wages for the employees than deferred unfunded liabilities in the future. This is my motion, do we have a second?

Director Boyd would like to have a discussion before we have a motion.

Director Wilson noted what is abundantly clear is that we clearly do not have enough information to make a decision tonight.

Director Boyd reported the motion died due to lack of a second.

Director Wilson believes this should go back to a committee structure and his question to the Finance Committee is with all the discussion we had tonight, do you think you can come back with a definitive recommendation or a range of recommendations we can vet in an open session?

Director Slater-Carter answered maybe when we have seen a graph, maybe when we have seen an actuarial retirement plan preliminary report.

Director Wilson suggested the committee must have the capacity to obtain and come back with the information. If not, perhaps we should look at the composition of the committee to move this process along.

Director Slater-Carter reported in fact that night of the meeting, Bill and I were asking the same questions but were told by Clemens we had to make the decision that night. I tried to get a committee meeting for last night and neither Clemens nor Bill were available. Bill and I can work together if we have good accurate and solid information and a good sense of direction from the Board about questions I have asked earlier and have yet to hear addressed.

Director Huber reported specifically it is his impression the committee is making a recommendation on a discount rate, the investment manager and investment strategy. Is this correct.

Director Boyd responded if you came back with that information, we would have a lot more that would let us move forward.

It was decided the long term graph that has been requested would be helpful in making final decisions and help the Board feel more comfortable about the decision they have made.

Director Huber moved to extend the meeting. Director Harvey seconded the motion.

Yeas: Harvey, Boyd, Wilson and Huber
Noes: Slater-Carter

Motion passed 4 – 1.

Director Huber reported PARS has worked on this report, Bartel worked on this report, this may not be in the format others are requesting, but what is deficient about the information they gave. Director Boyd reported the presentation and clarification of the assumptions. Director Slater-Carter reported they had used the wrong number of basis points for the investment fees. They used 30 and we know it is going to be a minimum of 70 and more likely 140.

Director Boyd asked the General Manager if once we start making selections, they will redo the analysis with the correct numbers. General Manager Heldmaier responded this was correct.

Director Slater-Carter requested they use the correct numbers.

Director Slater-Carter requested to work with Bartle Wells on these issues. Director Boyd liked the request and directed staff to contact Bartle Wells to provide a professional opinion on the information we have been provided with.

Director Boyd would like to know what the cost would be and how long it would take for them to analyze it.

Director Boyd is requesting of the Finance Committee to come back in one month and make a presentation of your findings and if you can't find common ground on the recommendation of some options, we are going to have to go with HighMark for the time being until we land on a decision. If anyone has concerns about HighMark there is the incentive to go get the other thing figured out. Director Boyd suggests starting with other agencies that are solvent and have published information about the extent of their unfunded liability. Find out what they are using for their assumptions and see just how all over the map the healthy ones are. I am guessing there will be some clustering on their assumptions. I am guessing it is going to be what Santa Clara is doing which is somewhere around 6.1%. Talk to people who are doing it, put the numbers out there to show that they are healthy and see if there is any kind of common wisdom among the healthy ones and try to use that as a basis as a recommendation to the team here to say why we start with the initial assumption on that and if there is any uncertainty on that, then come back with the recommendation to not wait 2 years to do the next actuarial. Let's do it in one!

Director Wilson likes the idea of involving Bartle Wells.

Director Slater-Carter requested to work with District Accountant, Peter Medina.

Director Boyd suggested giving direction to the General Manager not to exceed \$5000 for the involvement of Bartle Wells.

Director Slater-Carter would also like Bartle Wells to suggest another actuarial to do another analysis for the District.

Director Boyd requests the General Manager and the Finance Committee to do the following:

General Manager to talk to Bartle Wells to see if they would be interested in doing a review of the actuarial analysis we received from Bartel. Bartle Wells will decide for themselves if this is something they want to do and what kind of information they will need to have.

If Bartle Wells is willing to take this task on, the Finance Committee should then ask them some of the concerns that have been raised during this process.

Not to exceed \$7500

Director Harvey requested the Finance Committee submit questions and comments for the independent analysis.

Director Boyd requested the questions and comments from the Finance Committee be given to the General Manager to forward to Bartle Wells.

Director Wilson added the default we are all in agreement on is if we can't come to consensus, we use the HighMark at 5% or 5-1/2% to be determined by the Board.

Director Boyd requested the Finance Committee come back in 1 month and through Clemens, if Bartle Wells can't do this, take a recommendation for another economist who can evaluate for us. The Committee then works to determine what successful agencies are using for their assumptions.

Director Slater-Carter would like for the summary to include a new independent actuarial evaluation. Director Boyd doesn't think this is necessary if Bartle Wells affirms confidence in the one we have. They will give us a good read on this.

Mr. Colletti questioned the decision of using Bartle Wells. They need to have the right numbers.

Director Boyd explained they are an economist firm we have worked with for years and we have confidence in them.

Director Slater-Carter suggested to talk after the meeting.

General Manager repeated his understanding of what he is requested by the Board to do:

1. Is Bartle Wells comfortable evaluating the plan and the actuarial evaluation that is currently proposed and if not, can they recommend another firm that can do this for MWSD.

Director Slater-Carter requested to be a part of any conversations and or emails.

Director Wilson suggests all Board members be included in any conversations regarding this issue.

Director Boyd reported we re-affirmed a policy of the Montara Water and Sanitary District, we agreed that if a request is made for information, it will be directed to the General Manager. The General Manager will then inform the rest of the Board that request has been made. This is a very good practice and we affirmed our support for this practice tonight.

Director Boyd then requested of the General Manager to keep the Board posted on what is going on with Bartle Wells and if anyone is asking, I want to be really careful, the things we are asking for are in no way construable advocacy one way or another because this information will be shared with the Board. This is all the more reason to ask for actual questions that can be addressed. Are we clear on that?

Director Huber clarified the direction given from the Board:

1. Bartle Wells should review the actuary from Bartel
2. We are going to use either 5 or 5.5% discount rate as a default if we can't come to a consensus.
3. HighMark will be the default

Director Slater-Carter reported Bartle Wells needs to review the whole package. Because otherwise what they are going to do when they look at the actuarial report is assume all the numbers are vetted and correct. They are not. Therefore for their information look at the information PARS has given to us and HighMark has given to us so they can vet the numbers. Director Slater-Carter wants to make sure that Bartle Wells has the correct numbers.

Director Boyd will make sure they have access to all we have that all the consultants have been involved in. Bartle Wells will be able to ask them anything they want to.

Director Wilson clarified the expectations of this is that the Finance Committee will be coming back with recommendations.

Director Huber clarified again what the Finance Committee is charged with:

- 1 Review of successful like agencies for the discount rate.
- 2 Proof that other agencies are successfully using it.
- 3 An accurate actuarial analysis
- 4 The Investment Manager.
Bring projections for both passive and aggressive.

District Counsel Dave Schricker reported in a legal context, the plan has been approved. The charge to the Committee was to come up with was to recommend an investment strategy and the plan has produced alternative investment strategies on that form which I pointed out earlier. My recommendation would be to have that sheet before them and review it and in the context of the discussion that has been held.

Director Boyd reported the Board had heard from PARS that HighMark can be the default but we can opt out of it. So, what you are looking at on that sheet is what HighMark offers. We are saying let's see if there is anything other than HighMark offers we may want to consider. Thank you for bringing this up and it does provide a framework.

Director Slater-Carter questioned if the District had signed a contract with PARS? General Manager Heldmaier reported the resolution is signed but the contract itself has not been signed.

Director Boyd noted the reason for that is because there are details to be decided upon before we can do this which we are in the process of doing right now to get this hammered down so we can get on with this thing.

Director Slater-Carter suggested calling PARS and US Bank and finding out who they are willing to work with.

Director Boyd noted it was 11:30 and direction was given to staff and the Finance Committee.

Director Boyd again directed the committee to bring back something that shows us the right fee structure, the right performance structure and the right management structure. We want to put this in front of us and pick the right thing that is on the table.

REPORTS

1. Sewer Authority Mid-Coastside Meetings – Director Harvey reported there had been a meeting of the Recycled Water Committee and CCWD was present. CCWD has hired an engineering firm to do their share. We are moving forward and it is looking good. Director Harvey also reported SAM is still looking for a new General Manager.

All other reports have been delayed until the next meeting.

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

FUTURE AGENDAS-

REGULAR MEETING ENDED at 11:35 P.M.

Respectfully Submitted,

Signed _____
Secretary

Approved on the 3rd September, 2015

Signed _____
President



MONTARA WATER & SANITARY
DISTRICT

FINANCE COMMITTEE MEETING
August 24, 2015

MINUTES

MEETING BEGAN AT 2:30p.m.

Directors Present: Slater-Carter and Huber
Staff Present: General Manager, Clemens Heldmaier
District Clerk, Judy Gromm

Others Present: Bill Kehoe, Moss Beach Resident
Ed Carter, Montara Resident
Deborah Lardie, Montara Resident

1. Review of Investment Strategies for PARS Plan.

Director Slater-Carter reported the first issue we have is the published agenda. This is not the one she had sent out asking to have as the agenda for this meeting. Director Huber questioned this because he thought the General Manager set the agenda. A discussion regarding this issue continued and it was decided to discuss this with the full Board for clarification.

General Manager Heldmaier reported the Finance Committee was charged with a very clear task that is to come back with 3 different investment vehicles. These same tasks were asked of the Finance Committee meeting one month ago. The same agenda was set for that meeting in the same exact format. This is an ad hoc committee and we usually do not bring out an agenda. It was requested we bring out an agenda so I have chosen to use the same format. I had also received a document from Bill and disagreed on what the task for the Finance Committee is.

Director Slater-Carter reported for the record, she had included Director Huber's suggested agenda in hers as well.

Director Huber reported there had received an email from Director Boyd and he stated in the email was the following: the agenda for the committee meeting was the same as the first committee meeting and the singular task remains the same. The direction of the Finance Committee was to bring back 3 investment options for the full Board to consider. The direction to the General Manager was to ask Bartle Wells whether they would be willing to conduct a form of review on the actuarial report and if so to do so. This was not a request of the committee.

Director Huber suggested in order to do this; we need to address the investment manager, discount rate and investment strategy.

Director Slater-Carter requested to have her documents printed and handed out. After they are passed out, she would then like to make a statement. Director Slater-Carter then passed out a chart prepared by Greg Dieguez.

General Manager Heldmaier checked and found he had not received the emails as of yet, but suggested those documents could be sent to the District Clerk for printing and handing out. Director Slater-Carter thought it may be a problem with her computer and suggested to go on with the meeting.

Director Slater-Carter reported the sheet she had passed out prepared by Greg Dieguez was presented in a very clear manner so people could see what the decision process is. Unfortunately, we have a problem. We do not have good information on which to base the discount rate decision. We do not have current salaries in the actuary report which do not include overtime. One of Director Slater-Carter's questions has been does the defined benefit plan include overtime. I do not know if it does or not, but in a conversation that Scott had with a community member we were told the 50% payment that is required by PEPRA by the crew will include a wage increase for that purpose. This changes the calculation for deciding the discount rate. I believe we have incorrect wage information. I know on line, it shows the General Manager making more than the figures in the paperwork that was handed out to us. So, I do not know what the real is, but I do know for a fact about the raise that the crew was going to be getting.

Director Huber wanted clarification on the 50% the employees need to contribute and the raise to cover that by the District. His understanding was there was going to be a wage increase but this was not because of the 50% required by PEPRA. It was to give a wage increase so that their take home pay would not diminish.

General Manager Heldmaier reported this was a future action of the Board. We can't tell you what a future pay schedule is until the Board has decided that. The Board decides the increases and the General Manager decides which step the employee receives.

Director Slater-Carter noted if we do not know what the salaries are going to be we are going to be starting a year of decline on our interest rates and everything else. That aside, the numbers used in the Bartel Actuarial report did not include overtime.

Director Slater-Carter asked where are the policies that define all this for our District and our employees so our employees know what they are getting. I have yet to see this.

General Manager Heldmaier asked what policies she is referring to.

Director Slater-Carter explained the policies about if you give money into this defined benefit plan, what your benefits are based on and what the rules and agreements are going to be to make sure you know what your benefits are and you know what to anticipate from them. Director Slater-Carter then asked if this included overtime or not.

Director Huber responded their benefit accrues for them for when they retire. It consists of the last 3 years average wages following a formula $2\% \text{ at } 62 \times \text{years of service to } 62 \text{ years of age}$. How this would affect it you really can't tell until they are ready to retire.

Director Slater-Carter responded we are accruing money for this. If we accrue too little, we will end up with an undefined liability or backwards.

Director Huber suggested Director Slater-Carter is projecting this out as a static issue where it is not a static issue it is a dynamic one. For instance, the discount rate, investment strategy and investment manager will be reviewed every year. If there is any short fall, this can be adjusted every year.

Director Slater-Carter questioned how would this be adjusted?

Director Huber reported by adjusting any of those three going forward.

Director Slater-Carter then questioned does that mean the District could potentially put more money in?

Director Huber reported potentially less money. It depends what the analysis is. There are no guarantees on this for sure. But still, by having a reasonable assumption of what the employee's wages are for the current year you can set the discount rate with some expectation that you will be fairly close.

Director Slater-Carter reported only if you are accounting for everything that is counted for those last 3 years. Director Slater-Carter questioned again, is overtime accounted for?

General Manager responded yes.

Director Slater-Carter reported the report was still wrong because they did not use the correct numbers. I can prove this.

Director Huber understands Director Slater-Carter is not comfortable with this, but he is comfortable that the numbers are sufficiently accurate for us to be able to make a decision and one of the promises I am relying on is the fact we will revisit this each and every year and look at this as closely as we do with each and every

line item on the budget. To say you need to have everything nailed down to make an informed decision especially when this is setting a discount rate, this is essentially a projection into the future so therefore it is not guaranteed.

Director Slater-Carter agreed with this statement.

Director Huber noted our goal is to set the discount rate so at the end of the year we are as close to even as possible.

Director Slater-Carter asked Director Huber to clarify his point.

Director Huber explained we have enough information to be able to make an informed decision.

Director Slater-Carter repeated what she heard Director Huber say is that the fatally flawed (Director Huber noted her words were fatally flawed not his) analysis which doesn't have the correct numbers in it for the wages including overtime or the fees which will be paid, based on that, we should go for broke, set a number and fix it in a year.

Director Huber reported he had not said go for broke I am saying exactly what I said and that is we have enough information to make an informed decision.

Director Slater-Carter then asked how informed, somewhat informed?

Director Huber would not like to get into that.

Director Slater-Carter is concerned about the future of this District. She has been asking for information for now months. I have been asking for a correct actuarial for months.

Director Huber responded that he takes a different position that the actuarial was done by a competent person and is close enough that we can make a decision on this.

General Manager Heldmaier reported the Board took action on this and asked me to engage with Bartle Wells to see if they would be willing to compare the actuarial report and also the PARS Plan to industry standards and give us feedback on this. I asked them to prepare a memorandum that was Board action and I have not gotten an answer back if they would be willing to provide this service. They are going to make themselves available today for any questions the committee may have. General Manager Heldmaier asked the committee for specific questions for Bartle Wells and he has not received a reply as of yet.

Director Slater-Carter indicated she had sent a request over to the General Manager for the basic information he had sent to Bartel for their actuarial report.

The General Manager noted he had received a records request that contained a multitude of things including minutes, emails, communication in any sorts between PARS and Bartel. This was very broad and I responded to your request explaining

I cannot immediately respond to this but I will put information together. At the Board meeting itself, the Board made it very clear that what needs to be done today is to bring forward to the Board 3 investment vehicles. They were particular in saying this was a Finance Committee task. Staff is currently working very hard on a number of issues. The Board was also very clear that no additional burden should be placed on staff with this task. General Manager Heldmaier reported he will get back to the information request as soon as he can.

Director Slater-Carter asked if what the General Manager is saying is what we are going to do when we talk to Bartle Wells is give them the numbers plus the overtime and including the numbers in the fees.

General Manager Heldmaier reported we are asking Bartle Wells to review what we have from Bartel and PARS.

Director Slater-Carter replied garbage in garbage out. What we have from Bartel is not correct.

General Manager Heldmaier responded that this is a preliminary report and to receive the final report with final numbers we need to choose an investment vehicle. So the question again the Board has asked is can you choose 3 investment vehicles, can you bring this to the Board. Is this what you are saying Director Slater-Carter?

Director Slater-Carter said no, but I have been asking for the correct numbers for months.

Director Huber questioned how sensitive these numbers to how this will change things if they are not completely accurate. I still think we have enough information that we can make a start of this for the first year and next year make adjustments if we need to. Dennis Yu at PARS indicated that a majority of customers are using a 6.5% and if you look at historical trends like returns on the investments for instance Standard and Poor's 500 and have come in the last 10 years at somewhere around 7%. I think we can realistically, out of the gate start with a discount rate somewhere between 5.5 and 6.5%. There is a chance we may not hit our mark but at least we have rational for doing this.

Director Slater-Carter asked if Director Huber had received the note she had sent him after he had sent out his well researched report. This actually took a discount number then started subtracting fees to give us what our real interest rate would be.

Director Huber replied that was a different argument altogether. Not all expense strategies have the same expense load.

Director Slater-Carter wants to know where the expense load figured into what you are recommending.

Director Huber responded that we need to net out at a certain percentage and setting that for instance using Highmark, we are going to have a certain expense

ratio on it, if we use a self-directed plan like Vanguard index funds will have a much lower one. And with Charles Schwab, we do not know what it's coming out at. Using HighMark we would probably want to use a slightly lower discount rate, if we use Vanguard, a slightly higher.

Director Huber would like to address the investment manager and strategy. Our goal is to hit the proper balance so the net contribution by the District and employees is as accurate as possible.

Director Slater-Carter reported she made a motion at the last meeting for a 5.5% but this did not get a second. Director Slater-Carter noted she felt the District could always raise it if we get prefunded somewhat. When you start out with too little money and use inaccurate numbers that do not include overtime, we will be looking at greater numbers. One of the questions Director Slater-Carter had asked that has still not been answered is something that was in the staff report that you could buy service toward your fund. Is this accrued toward vesting?

General Manager Heldmaier reported this question has been answered and the answer is no.

Director Slater-Carter asked where this was in writing.

General Manager Heldmaier reported he would have to dig, but this was explained.

Director Slater-Carter wants to know where it is in the agreement with the employees.

General Manager Heldmaier reported there is no agreement and there will not be an agreement with an employee.

Director Slater-Carter reported the employees cannot opt out.
Director Huber agreed with this statement.

Director Slater-Carter noted we need to do what is the most fiscally conservative to protect this District from future financial problems. One of the things I asked for and was directed to happen at the last Board meeting was a forward look at a future potential unfunded liability would be and to have put in a graph form. This has not been done and would be very helpful to this Board and community to help make a decision.

Director Huber noted on the basis that this gets looked at every year I do not see the same urgency for that but that is beside the point. Going back to what we are supposed to do, setting the discount rate and with what you said about using 5.5% I would like to defer this decision until we talk about an investment manager and strategy.

Director Slater-Carter noted at the last Finance Committee meeting we agreed on a moderately conservative approach would be best.

Director Huber's position on this is a strategy that mirrors the discount rate.

Director Huber suggested having a discussion regarding HighMark vs. Vanguard vs. Schwab.

Director Slater-Carter has been struggling with the numbers not investment managers.

Director Huber went over a couple points he had made in his document that are in the packet for this meeting. HighMark is simple because you pick your strategy and they do the rest, but there are fees now that are being questioned. Vanguard is less money, but this is self-directed and giving information monthly.

Director Slater-Carter is concerned about making decisions on employee's retirement since we are going on numbers that are not good enough. If this were her money, she would be insisting on correct numbers. Clearly we have now taken care of our employees, I would like for us to take care of our rate payers.

Director Huber feels we need to take care of our employees because if we do not take care of them, we will not be able to take care of the District. We need to take care of our rate payers because they are the ones who fund us. Both of us have an equally shared sense of purpose; we just disagree on how we go about this. We are both committed to do both.

Director Slater-Carter questioned a note from PARS explaining if we do not use HighMark, there will be an extra fee for this.

General Manager Heldmaier explained this was something he had received about a week ago and he did not have a copy in front of him at this time.

Director Huber thought they could still come up with 3 strategies today. Our goal is to arrive at a decision a majority of the Board can support.

Director Slater-Carter reported the committee is starting at the end with the strategy and the discount rate then we will move forward and maybe talk to Bartle Wells. But won't Bartle Wells get the same data points that Bartle Associates got and not the correct ones.

General Manager Heldmaier explained they would tell us if this is correct or not.

Director Slater-Carter asked how they would know if the fees Bartle Associates were 30 basis points and the fees the General Manager gave us today are around 142 basis points. This may be a small number now, but it will grow and gets bigger every year and it takes away from money to grow.

It was suggested at this point to call Bartle Wells and discuss this with Alex Handlers, District Economist.

Director Huber reported we had received an actuarial report from Bartle Associates and there is a question regarding the accuracy of this report. Will Bartle Wells consider doing a review of this actuarial report for the District?

Mr. Handlers explained they are not Actuaries. Mr. Handlers did look briefly into the background information on PARS and found that they are a reputable firm. They have a program that they input the information into and that gives them the output. The challenge is what the right inputs are for planning purposes then they re-evaluate it every few years to make sure the revenues are adequate to meet the long term liabilities. Mr. Handlers again reported Bartle Wells is not an actuarial firm; this is its own specialty.

Director Slater-Carter questioned if the wrong numbers are used for the costs that are made on the plan. Bartel used 30 basis points, but what I had counted was 144 basis points. That will have an effect on the numbers for the contribution rates be for the various discount rates.

Mr. Handlers agreed with this statement. This would affect the net return of the day.

General Manager Heldmaier questioned Mr. Handlers if he could confirm the 144 basis points. The point being the investment strategy must be picked before you can know what the basis points are going to be.

Director Slater-Carter reported the General Manager had sent them out today and this is where she got the information. Additionally she used diversified portfolios per annum charges all plan assets 60 basis points.

General Manager Heldmaier questioned Mr. Handlers if he thought the District would get the correct basis points included in the actuarial evaluation once we pick an investment strategy.

Mr. Handlers said this was a good question. There are a million moving parts and this is one of those many. If you knew exactly what was selected and all the costs associated with it, you could conceivably have the correct number to put in, but that is again one of 50 assumptions that go into this. If this was narrowed down, you could certainly see where those numbers were and plug it in.

Director Slater-Carter questioned a portfolio called a stable value. Is there a standard industry definition for that?

Mr. Handlers is not sure about this. Bartle Wells is not in the Investment Advisor business either.

Director Huber asked Director Slater-Carter to go back over the basis points with him. Director Slater-Carter reported the following:

12 basis points for contributions
.58 for assets (that is under assets)

Director Slater-Carter noted what is interesting is the imbedded mutual fee .6, which is in their discretionary trustee fee schedule page 2 will be applied if we use HighMark.

Director Slater-Carter noted she had no numbers for using Schwab then asked if Director Huber had numbers for using Vanguard.

Director Huber reported he did have numbers. Director Huber reported if we used Vanguard and went strictly to the Vanguard Standard and Poor's 500 indexes in the last 10 years, the return was 7.72% and its expense ratio was .17%.

Director Slater-Carter reminded Director Huber of the fees from PARS and US Bank.

Director Huber reported the PARS Fees are as follows: a set up fee of \$3000, monthly ongoing fee of \$750. But what has an effect on this is what the US Bank trustee fees on the directed investment is.

Director Slater-Carter reported that fee would be 12 basis points plus. The question remains what the fee would be is we did not go with HighMark.

Director Huber noted there had been mention of being able to negotiate the fees.

Mr. Handlers was asked if the fees were fixed or if they have a level of negotiation. Mr. Handlers could not say it may be possible to lower them.

Director Huber then asked Mr. Handlers if he had access to the input from Bartel and Associates.

Mr. Handlers did have those documents. His impression was this was preliminary based on eligibility and years of service with other specifics. He did not know what all the right assumptions are but they looked fairly normal. Based on what limited information he has he did not see anything unreasonable with the preliminary report. This report was based on the information that was given to them. It would be easy to adjust the information and plug in other inputs. Remember these things will continue to evolve over time; numbers will change over time based upon what is happening with investments and employees at that time. The goal is to always make sure you are setting enough money aside, so in the long term things will pan out. To make adjustments along the way is pretty normal.

Director Slater-Carter remarked she had no problem with Bartel and Associates methodology. I am sure they are using an industry standard computer program, but I believe garbage in and garbage out with computer programs. When they do not have the right data to go in we do not get accurate data out.

Mr. Handlers agreed with this statement.

Director Slater-Carter asked Mr. Handlers what he saw coming up with GASB 68, 68 and 71. This is the year those reports are supposed to be coming out right?

Mr. Handlers responded he did not know what is coming up with GASB, but the trend is more transparency. Maybe these will help to ratchet it up. Mr. Handlers reported he had seen a lot of good information out there when I see the pension

audits from other agencies. They are required to put in there what the unfunded liability is.

Director Slater-Carter suggested to have Bartle run another preliminary report with correct numbers with a preliminary discount rate.

Director Huber is hesitant because there is an assumption that the numbers are incorrect. Mary Beth has been doing this for a very long time and has a lot of experience. I am hesitant to say her numbers are significantly incorrect.

Director Slater-Carter reported she is in public and is on record saying she believes it is fatally flawed. Not significantly but fatally. We are setting up now and this can be adjusted, but I do not like coming to this District for rate increases.

Director Huber questioned if we request Bartel run another study, but also highlight what figures what we feel are in error. This is really not a decision for you or I to make. This becomes a recommendation to the full Board.

General Manager Heldmaier explained if the committee agrees to this, he can initiate as long as it doesn't create additional fees from Bartel. If there are no fees involved and the two of you agree that there is this need, I am happy to ask this question. Mr. Heldmaier then reminded the committee what the purpose of this meeting is to decide on 3 different investment strategies tonight. If we are going down this path, we need to set up the mechanisms that allow for the committee to make recommendations.

Director Slater-Carter reported she needed to finish up today by 4:00.

Director Huber asked how Mary Beth responded to the questions regarding the accuracy of the report.

General Manager Heldmaier reported her response was this is a preliminary report and doesn't really matter if we turn the knob a little bit because you would be getting a final report once the investment vehicle is decided, the correct numbers can be plugged in and run a final report.

Director Huber felt the committee could initiate 3 strategies the Board should consider. It would not mean that anyone of them could in essence become the final strategy.

At this time the Mr. Handlers thanked for his assistance and was excused from the conversation.

Mr. Ed Carter, Montara resident noted he was reading the Bartels documents and was reading preliminary and projected all over the document. Is this their final report? Is this their final work product?

General Manager Heldmaier reported no, they will provide a final work product once we have chosen the investment vehicle. The Board needs to make this decision to receive the final report.

Mr. Carter further questioned if Bartel is going to be running another report anyway?

General Manager Heldmaier explained they would be running another one once the Board took action.

Mr. Carter questioned if the discount rate is not cast in stone, the results are not going to be known until the actuarial is rerun or is it a preliminary number still?

General Manager Heldmaier reported you can make the adjustment every year. The Plan is to look at it once a year so you will be able to adjust then. The actuarial report is required every other year. I think you can request an actuarial every year because the Board is supposed to look at this every year and decide going forward with an actuarial report once every two years and GASB 68 reporting every year.

Mr. Carter asked if you could plug in another discount rate and rerun the report.

General Manager Heldmaier reported he could not answer this question, but we would have a contract for one actuarial report. Would this trigger another fee, I do not know.

Deborah Lardie, Montara resident questioned what PARS does for \$750 per month.

General Manager Heldmaier reported administrating the defined benefit plan.

Ms. Lardie questioned unless someone leaves or becomes a new employee, what do they have to do monthly?

Director Huber replied this is not part of the discussion here because this has already been voted upon. Is this not correct?

General Manager Heldmaier responded yes. Director Slater-Carter responded yes because nobody wants to change their opinion.

Director Huber is perfectly willing to work on 3 strategies to recommend to the Board, where do we go from here.

Director Slater-Carter is looking at the sheet that was sent out.

Director Huber noted he had digressed; we still have not addressed the Charles Schwab issue. What is the nature of their plan as an investment manager?

Director Slater-Carter reported she would have to get back to them. There is an investment management firm in the east bay who was willing to work with us, but I got the sense from the Board they were looking for 3 recommendations from HighMark. Because of that, I decided not to involve someone unless we had correct numbers to be given. I am looking at the Institutional Trust and Custody Fee Schedule that was sent to us, that would be to replace PARS and .05% on the

first 25 million but then there is something called an activity charge at \$10.00 per transaction. I have no idea what that is. Director Slater-Carter continued there were extraordinary fees with some examples but we have no ideas what these fees are so once again, this would be like signing a blank document if we went with this particular US Bank document.

Director Huber asked if Director Slater-Carter was feeling comfortable making 3 recommendations based on using HighMark.

Director Slater-Carter responded no. She will not be able to make any recommendations until she has accurate numbers. Director Slater-Carter suggested making separate reports to Board.

Director Slater-Carter noted we are a small District and we have 7 employees. She spoke with a friend who is one of the top executives at SEIU, a large union. I explained my problem here about not having good numbers. He responded we should go with a 457. When Director Slater-Carter reported our employee's already have one, he responded oh and we changed the subject.

Director Huber asked, what does that mean? Director Slater-Carter responded that means that we are a little rich in funding our employees retirement. The Board has decided to do this and I am insisting on accurate numbers.

Director Huber responded we will keep refining this so this will not be the final actuarial. Once we give them the discount rate we think we can achieve and have an investment strategy we can defend

Director Slater-Carter interjected she could not defend anything that does not have inaccurate numbers.

Director Huber responded you are basing this on a preliminary actuarial table. I think we can still go down the path and set a discount rate and investment strategy so they can refine those actuarial numbers in which we will take a second look at before we make a final decision.

Director Slater-Carter again responded, not without accurate numbers.

Director Huber questioned what numbers are you referring to?

Director Slater-Carter responded the fee structure, the wages with a lack of overtime.

Director Huber questioned the General Manager if that information would go into the final actuarial report.

General Manager Heldmaier reported yes.

Director Slater-Carter responded by then, we will have already decided on a discount rate, so why are we not starting out with correct numbers?

Director Slater-Carter reported it was 4:00 and she had other commitments to attend to, however she will make the commitment to call the fellow from Schwab and find out if they will be willing to take us and what the numbers will be. Director Slater-Carter will send out the information she receives it via email.

Director Huber would prefer to have additional meetings due to the many subtleties.

Director Slater-Carter agrees and believes what we need to do is start with the right numbers. This is just like engineering; you do not make guesses on whatever you are engineering.

Director Huber noted this is an ongoing process so you have more opportunities to make final adjustments.

Director Slater-Carter is not willing to start out in a hole. Director Slater-Carter reported she is being very clear, there is only a few things I want, and that is accurate numbers.

Director Huber asked Director Slater-Carter to spell those out for him. Director Slater-Carter reported the following:

1. Fee structure (it's in the paperwork Clemens sent out today.
2. The Wages including the overtime. The last year's numbers used did not include overtime.

Director Huber questioned if the numbers she is questioning are in writing somewhere so we can have those numbers double checked?

Director Slater-Carter responded it is writing and indicated in what document.

General Manager Heldmaier reported it was in the staff report for the last Board Meeting August 6th.

Director Huber just wants to make sure we are clear on what the numbers are so we can double check to see if they are accurate. We can point these out.

Director Slater-Carter explained this was a document that was given to us by Bartel in previous reports.

Director Huber is asking in what specific documents and what specific numbers.

Director Slater-Carter reported the wages because it did not include overtime, and the basis points used in the calculation was 30 basis points and she believes these are not correct. Director Slater-Carter is concerned about many of the assumptions and Greg has been a financial professional and put these out very clearly and what we are doing is starting at the back end. We are going to be playing catch up.

Director Huber noted there is one thing we should be clear about, I think it has been very beneficial to have Greg's input, but Greg was not hired by the District to

perform these tasks. Bartel was hired to do this. If we are going to rely on the information from someone, we need to rely on the information that we hired who is an expert in the field and use Greg's information ancillary information. If you feel that there are some inaccuracies in some of the information we have received, we will list those. I suspect there is a difference of opinion between Bartel and Greg as far as certain underlying assumptions.

Director Slater-Carter reported Bartel never gave us any underlying assumptions. This is why I was trying to find out what had discussed at the Personnel Committee. I was trying to find out what and where the assumptions were. All we were given was an actuarial report and two salesmen, one from PARS and one from HighMark. Greg has nothing to gain financially from this. I have been talking to Ed, Greg, Bill, Deborah and other financial people from other agencies and cities and told them that we have put in a defined benefit plan they are in disbelief because they are trying to get rid of theirs.

Director Huber reported we are not in the same program that most of them are in because of PEPRA that has drastically changed things. They still have employees that are on the old plan prior to PEPRA. They are straddled by that old plan.
Director

Slater-Carter noted we are straddled by the new plan and we do not know what the problems are and this is why I want to start out with correct assumptions and correct numbers. I have yet to see a list of assumptions. You heard Mr. Handlers say there are so many assumptions that affect the numbers. I would like to know what those assumptions are. I am not an expert in this. In fact no one has given us the assumptions and it would be nice to know what they are.

Director Huber noted assuming that is not proprietary.

Director Slater-Carter questioned why we would go with something behind the green curtain that we do not know what it is. We are making decisions that affect people's lives here.

Director Huber noted because you do not understand something entirely does not mean you can't rely on the efforts of others to take something confidently that you have to do everything yourself?

Director Slater-Carter responded what she has discovered is that she sometimes needs to get second and third opinions and from what she has discovered with this issue is that we have not received any second or third opinions. This was decided before us that it would be PARS. How can I trust PARS when they did not even ask for the right numbers? Director Slater-Carter reported it was 4:15 and she needed to go because of other commitments.

Director Huber asked how we are going to resolve the underlying assumptions.

Director Slater-Carter responded she did not know, but she had thought she could resolve some of her underlying assumption issues by asking to see what the employees were going to be given to document what they were going to be paying

for. I am surprised and dismayed this is not available. Director Slater-Carter then responded; let's start by getting the right numbers.

Director Huber questioned Director Slater-Carter if we get the correct numbers, will we be in a position to follow the directive of the Board, to be able to come up with 3 strategies?

Director Slater-Carter responded possibly, I will not make a commitment.

Director Huber questioned if he were correct to assume Director Slater-Carter will make a good faith effort to come up with 3 strategies for the Board?

Director Slater-Carter responded she may come up with one.

Director Slater-Carter suggested getting together again next week. Several dates were mentioned and the scheduling will be discussed further.

FINANCE COMMITTEE MEETING ENDED at 4:15 p.m.

Respectfully Submitted,

Signed _____
Secretary

Approved on the 3rd, September 2015

Signed _____
President

MONTARA WATER AND SANITARY DISTRICT



**Unaudited Financial Statements for
July
2015**



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 3, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

SUBJECT: Unaudited Financial Statements – Executive Summary

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

- 4460 Remodel Fees, \$10,492 above Budget – Second unit fee assessed to customer.
- **Overall Total Operating Income for the period ending July 31, 2015 was \$11,130 above budget.**
- 5400 Legal, \$2,042 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5610 Accounting, \$2,500 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5800 Labor, \$5,339 below Budget – Major driver causing below budget is the budgeted PARS expense. No expenses have been booked at this point in the fiscal year.
- 6200 Engineering, \$4,333 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6400 Pumping, \$2,250 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6940 SAM Maintenance, Collection System, \$3,333 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6950 SAM Maintenance, Pumping, \$4,167 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- **Overall Total Operating Expenses for the period ending July 31, 2015 were \$16,255 below Budget.**
- **Total overall Expenses for the period ending July 31, 2015 were \$30,398 below budget. For a net ordinary income of \$41,528, budgeted vs. actual. Actual net ordinary loss is (\$95,898).**
- 7100 Connection Fees, \$14,695 below Budget – Three Remodel connections sold in July. No new construction connections sold.
- 8075 CIP, \$57,124 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 9200 I-Bank Loan, \$13,214 below Budget – No activity to-date. Budget is spread evenly between twelve months.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: September 3, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Budget vs. Actual – Water July 2015 Variances over \$2,000:**
- 4810 Water Sales Domestic, \$14,043 above Budget – More water sales than anticipated in July. Budget is spread evenly between twelve months.
- **Overall Total Operating Income for the period ending July 31, 2015 was \$14,435 above budget.**
- 5400 Legal, \$5,708 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5610 Accounting, \$2,500 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5630 Consulting, \$2,083 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5800 Labor, \$13,335 below Budget – Major driver causing below budget is the budgeted PARS expense. No expenses have been booked at this point in the fiscal year.
- 6200 Engineering, \$5,583 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6400 Pumping, \$6,875 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6500 Supply, \$3,750 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6600 Collection/Transmission. \$7,875 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6700 Treatment, \$4,917 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- **Overall Total Operating Expenses for the period ending July 31, 2015 were \$34,979 below Budget.**
- **Total overall Expenses for the period ending July 31, 2015 were \$63,970 below budget. For a net ordinary income of \$78,405, budgeted vs. actual. Actual net ordinary income is \$105,680.**
- 7600 Bond Revenues, G.O. \$95,870 below Budget – No revenue received to-date.
- 8100 CIP, \$144,083 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 9100 Interest Expense G.O. Bonds, \$158,909 below Budget – No activity to-date.

RECOMMENDATION:

This is for Board information only

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2015 through June 2016

Ordinary Income/Expense	TOTAL																
	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget	
Income																	
4220 · Cell Tower Lease	2,778.18												2,778.18	32,000.00	(29,221.82)	8.68%	
4400 · Fees																	
4410 · Administrative Fee (New Constr)														2,500.00	(2,500.00)		
4420 · Administrative Fee (Remodel)	474.00												474.00	3,000.00	(2,526.00)	15.8%	
4430 · Inspection Fee (New Constr)														2,000.00	(2,000.00)		
4440 · Inspection Fee (Remodel)	1,087.00												1,087.00	4,500.00	(3,413.00)	24.16%	
4460 · Remodel Fees	11,075.00												11,075.00	7,000.00	4,075.00	158.21%	
Total 4400 · Fees	12,636.00												12,636.00	19,000.00	(6,364.00)	66.51%	
Expense																	
4610 · Property Tax Receipts														230,000.00	(230,000.00)		
4710 · Sewer Service Charges														2,039,943.00	(2,039,943.00)		
4720 · Sewer Service Refunds, Customer														(4,000.00)	4,000.00		
4760 · Waste Collection Revenues	882.48												882.48	15,000.00	(14,117.52)	5.89%	
Total Income	16,296.66												16,296.66	2,331,943.00	(2,315,646.34)	0.7%	
Expense																	
5000 · Administrative														4,000.00	(3,739.34)	6.52%	
5190 · Bank Fees	260.66												260.66				
5200 · Board of Directors														2,500.00	(2,500.00)		
5210 · Board Meetings														3,300.00	(3,300.00)		
5220 · Director Fees														5,800.00	(5,800.00)		
Total 5200 · Board of Directors																	
5250 · Conference Attendance														2,000.00	(2,000.00)		
5270 · Information Systems														6,000.00	(6,000.00)		
5300 · Insurance																	
5310 · Fidelity Bond																	
5320 · Property & Liability Insurance																	
Total 5300 · Insurance	1,688.18												1,688.18	1,755.00	(66.82)	96.19%	
5350 · LAFCO Assessment														1,987.00	(1,987.00)		
5400 · Legal														9,500.00	(9,500.00)		
5420 · Meeting Attendance, Legal														15,000.00	(15,000.00)		
5430 · General Legal																	
5440 · Litigation														24,500.00	(24,500.00)		
Total 5400 · Legal																	
5510 · Maintenance, Office														6,000.00	(6,000.00)		
5540 · Office Supplies														9,000.00	(9,000.00)		

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
5550 · Postage														2,000.00	(2,000.00)	
5560 · Printing & Publishing														3,000.00	(3,000.00)	
5600 · Professional Services																
5610 · Accounting																
5620 · Audit																
5630 · Consulting																
5640 · Data Services																
5650 · Labor & HR Support																
5660 · Payroll Services																
Total 5600 · Professional Services	60.98											60.98	60.98	800.00	(739.02)	7.62%
Total 5600 · Professional Services	60.98											60.98	65,050.00	(64,989.02)	0.09%	
5710 · San Mateo Co. Tax Roll Charges																
5720 · Telephone & Internet													127.10	2,500.00	(2,500.00)	
5730 · Mileage Reimbursement														9,000.00	(8,872.90)	1.41%
5740 · Reference Materials														1,500.00	(1,500.00)	
5800 · Labor														200.00	(200.00)	
5810 · CalPERS 457 Deferred Plan													1,095.25	13,709.00	(12,613.75)	7.99%
5820 · Employee Benefits													2,693.79	36,497.00	(33,803.21)	7.38%
5830 · Disability Insurance														1,450.00	(1,450.00)	
5840 · Payroll Taxes													1,196.98	14,983.00	(13,786.02)	7.99%
5850 · PARS														45,285.00	(45,285.00)	
5900 · Wages																
5910 · Management													6,625.44	86,041.00	(79,415.56)	7.7%
5920 · Staff													8,854.08	103,090.00	(94,235.92)	8.59%
5930 · Staff Certification													150.00	1,854.00	(1,704.00)	8.09%
5940 · Staff Overtime													17.04	3,718.00	(3,700.96)	0.46%
5950 · Staff Standby														1,147.00	(1,147.00)	
Total 5900 · Wages	15,646.56											15,646.56	195,850.00	(180,203.44)	7.99%	
Total 5800 · Labor	20,632.58											20,632.58	311,665.00	(291,032.42)	6.62%	
5960 · Worker's Comp Insurance														3,891.00	(3,891.00)	
Total 5000 · Administrative	22,769.50											22,769.50	455,957.00	(433,187.50)	4.99%	
6000 · Operations																
6170 · Claims, Property Damage														10,000.00	(10,000.00)	
6195 · Education & Training														1,000.00	(1,000.00)	
6200 · Engineering														2,000.00	(2,000.00)	
6210 · Meeting Attendance, Engineering														50,000.00	(50,000.00)	
6220 · General Engineering														52,000.00	(52,000.00)	
Total 6200 · Engineering																

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Sewer July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
TOTAL																
6320 · Equipment & Tools, Expensed														1,000.00	(1,000.00)	
6330 · Facilities																
6335 · Alarm Services	391.80												391.80	5,000.00	(4,608.20)	7.84%
6337 · Landscaping														2,400.00	(2,400.00)	
Total 6330 · Facilities	391.80												391.80	7,400.00	(7,008.20)	5.3%
6400 · Pumping																
6410 · Pumping Fuel & Electricity														27,000.00	(27,000.00)	
Total 6400 · Pumping														27,000.00	(27,000.00)	
6600 · Collection/Transmission																
6660 · Maintenance, Collection System														10,000.00	(10,000.00)	
Total 6600 · Collection/Transmission														10,000.00	(10,000.00)	
6800 · Vehicles																
6810 · Fuel														800.00	(800.00)	
6820 · Truck Equipment, Expensed														160.00	(160.00)	
6830 · Truck Repairs														400.00	(400.00)	
Total 6800 · Vehicles														1,360.00	(1,360.00)	
6900 · Sewer Authority Midcoastside																
6910 · SAM Collections	30,042.00												30,042.00	360,500.00	(330,458.00)	8.33%
6920 · SAM Operations	58,991.00												58,991.00	707,892.00	(648,901.00)	8.33%
6940 · SAM Maintenance, Collection Sys														40,000.00	(40,000.00)	
6950 · SAM Maintenance, Pumping														50,000.00	(50,000.00)	
Total 6900 · Sewer Authority Midcoastside	89,033.00												89,033.00	1,158,392.00	(1,069,359.00)	7.69%
Total 6000 · Operations	89,424.80												89,424.80	1,268,152.00	(1,178,727.20)	7.05%
Total Expense	112,194.30												112,194.30	1,724,109.00	(1,611,914.70)	6.51%
Net Ordinary Income	-95,897.64												-95,897.64	607,834.00	(703,731.64)	-15.78%
Other Income/Expense																
Other Income																
7000 · Capital Account Revenues																
7100 · Connection Fees																
7110 · Connection Fees (New Constr)														275,604.00	(275,604.00)	
7120 · Connection Fees (Remodel)													12,439.00	50,000.00	(37,561.00)	24.88%
Total 7100 · Connection Fees													12,439.00	325,604.00	(313,165.00)	3.82%

Montara Water & Sanitary District
Revenue & Expenditures Budget vs. Actual - Sewer
July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
TOTAL																
7200 · Interest Income - LAIF														8,000.00	(8,000.00)	
7700 · Interest, Employee Loans	303.97												303.97	3,281.00	(2,977.03)	9.27%
Total 7000 · Capital Account Revenues	12,742.97												12,742.97	336,885.00	(324,142.03)	3.78%
Total Other Income	12,742.97												12,742.97	336,885.00	(324,142.03)	3.78%
Other Expense																
8000 · Capital Improvement Program														685,483.00	(685,483.00)	
8075 · Sewer														685,483.00	(685,483.00)	
Total 8000 · Capital Improvement Program														685,483.00	(685,483.00)	
9000 · Capital Account Expenses																
9125 · PNC Equipment Lease Interest	887.68												887.68	20,790.00	(19,902.32)	4.27%
9175 · Capital Assessment - SAM	13,389.00												13,389.00	160,666.00	(147,277.00)	8.33%
9200 · I-Bank Loan														26,022.00	(26,022.00)	
Total 9000 · Capital Account Expenses	14,276.68												14,276.68	207,478.00	(193,201.32)	6.88%
Total Other Expense	14,276.68												14,276.68	892,961.00	(878,684.32)	1.6%
Net Other Income	-1,533.71												-1,533.71	(556,076.00)	554,542.29	0.28%
Net Income	-97,431.35												-97,431.35	51,758.00	(149,189.35)	-188.24%

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2015 through June 2016

	TOTAL																
	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget	
Ordinary Income/Expense																	
Income																	
4220 · Cell Tower Lease	2,778.19												2,778.19	32,000.00	(29,221.81)	8.68%	
4400 · Fees														4,500.00	(4,500.00)		
4410 · Administrative Fee (New Constr)														900.00	(900.00)		
4420 · Administrative Fee (Remodel)														4,250.00	(4,250.00)		
4430 · Inspection Fee (New Constr)														800.00	(800.00)		
4440 · Inspection Fee (Remodel)														10,450.00	(10,450.00)		
Total 4400 · Fees														230,000.00	(230,000.00)		
4610 · Property Tax Receipts	2,781.00												2,781.00	13,000.00	(10,219.00)	21.39%	
4740 · Testing, Backflow																	
4760 · Waste Collection Revenues																	
4810 · Water Sales, Domestic	154,270.38												154,270.38	1,682,734.00	(1,528,463.62)	9.17%	
4850 · Water Sales Refunds, Customer	-1,488.35												-1,488.35	(3,000.00)	1,511.65	49.61%	
4990 · Other Revenue	692.00												692.00				
Total Income	159,033.22												159,033.22	1,965,184.00	(1,806,150.78)	8.09%	
Expense																	
5000 · Administrative																	
5190 · Bank Fees	532.63												532.63	9,000.00	(8,467.37)	5.92%	
5200 · Board of Directors																	
5210 · Board Meetings														2,500.00	(2,500.00)		
5220 · Director Fees														3,300.00	(3,300.00)		
Total 5200 · Board of Directors														5,800.00	(5,800.00)		
5240 · CDPH Fees														15,000.00	(15,000.00)		
5250 · Conference Attendance														4,000.00	(4,000.00)		
5270 · Information Systems														3,200.00	(3,200.00)		
5300 · Insurance																	
5310 · Fidelity Bond																	
5320 · Property & Liability Insurance														1,755.00	(66.82)	96.19%	
Total 5300 · Insurance	1,688.18												1,688.18	1,755.00	(66.82)	96.19%	
5350 · LAFCO Assessment														2,800.00	(2,800.00)		
5400 · Legal																	
5420 · Meeting Attendance, Legal														8,500.00	(8,500.00)		
5430 · General Legal														60,000.00	(60,000.00)		
5440 · Litigation																	
Total 5400 · Legal														68,500.00	(68,500.00)		

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
TOTAL																
5510 · Maintenance, Office														6,000.00	(6,000.00)	
5520 · Meetings, Local														18,000.00	(18,000.00)	
5530 · Memberships														9,000.00	(9,000.00)	
5540 · Office Supplies														6,000.00	(6,000.00)	
5550 · Postage														2,000.00	(2,000.00)	
5560 · Printing & Publishing														30,000.00	(30,000.00)	
5600 · Professional Services														13,000.00	(13,000.00)	
5610 · Accounting														25,000.00	(25,000.00)	
5620 · Audit																
5630 · Consulting																
5640 · Data Services																
5650 · Labor & HR Support																
5660 · Payroll Services																
Total 5600 · Professional Services	60.98												60.98	850.00	(789.02)	7.17%
	60.98												60.98	68,850.00	(68,789.02)	0.09%
5720 · Telephone & Internet														9,000.00	(8,712.44)	3.2%
5730 · Mileage Reimbursement														2,000.00	(2,000.00)	
5740 · Reference Materials														800.00	(800.00)	
5800 · Labor																
5810 · CalPERS 457 Deferred Plan	2,539.79													35,154.00	(32,614.21)	7.23%
5820 · Employee Benefits	5,405.84													61,277.00	(55,871.16)	8.82%
5830 · Disability Insurance														3,549.00	(3,549.00)	
5840 · Payroll Taxes	3,017.54													38,419.00	(35,401.46)	7.85%
5850 · PARS	375.00													111,796.00	(111,421.00)	0.34%
5900 · Wages																
5910 · Management	6,625.46													86,041.00	(79,415.54)	7.7%
5920 · Staff	26,717.05													338,785.00	(312,067.95)	7.89%
5930 · Staff Certification	750.00													9,167.00	(8,417.00)	8.18%
5940 · Staff Overtime	3,524.31													49,918.00	(46,393.69)	7.06%
5950 · Staff Standby	1,828.57													18,295.00	(16,466.43)	10.0%
Total 5900 · Wages	39,445.39												39,445.39	502,206.00	(462,760.61)	7.85%
5960 · Worker's Comp Insurance														17,019.00	(17,019.00)	
Total 5800 · Labor	50,783.56												50,783.56	789,420.00	(718,636.44)	6.6%
Total 5000 · Administrative	53,352.91												53,352.91	1,001,125.00	(947,772.09)	5.33%
6000 · Operations														4,000.00	(4,000.00)	
6160 · Backflow Prevention														10,000.00	(10,000.00)	
6170 · Claims, Property Damage																

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
6180 · Communications																
6185 · SCADA Maintenance																
6180 · Communications - Other																
Total 6180 · Communications														15,000.00	(15,000.00)	
6195 · Education & Training																
6200 · Engineering														15,000.00	(15,000.00)	
6210 · Meeting Attendance, Engineering														6,000.00	(6,000.00)	
6220 · General Engineering														2,000.00	(2,000.00)	
6230 · Water Quality Engineering														30,000.00	(30,000.00)	
Total 6200 · Engineering														67,000.00	(67,000.00)	
6320 · Equipment & Tools, Expensed																
6330 · Facilities														6,000.00	(6,000.00)	
6335 · Alarm Services														750.00	(750.00)	
6337 · Landscaping														4,500.00	(4,500.00)	
Total 6330 · Facilities														5,250.00	(5,250.00)	
6370 · Lab Supplies & Equipment																
6380 · Meter Reading														1,000.00	(1,000.00)	
6400 · Pumping																
6410 · Pumping Fuel & Electricity																
6420 · Pumping Maintenance, Generators														65,000.00	(65,000.00)	
6430 · Pumping Maintenance, General														13,000.00	(13,000.00)	
6440 · Pumping Equipment, Expensed														2,500.00	(2,500.00)	
Total 6400 · Pumping														82,500.00	(82,500.00)	
6500 · Supply																
6510 · Maintenance, Raw Water Mains																
6520 · Maintenance, Wells														5,000.00	(5,000.00)	
6530 · Water Purchases														40,000.00	(40,000.00)	
Total 6500 · Supply														45,000.00	(45,000.00)	
6600 · Collection/Transmission																
6610 · Hydrants														1,000.00	(1,000.00)	
6620 · Maintenance, Water Mains														55,000.00	(55,000.00)	
6630 · Maintenance, Water Svc Lines														25,000.00	(25,000.00)	
6640 · Maintenance, Tanks														1,000.00	(1,000.00)	
6650 · Maint., Distribution General														10,000.00	(10,000.00)	
6670 · Meters														2,500.00	(2,500.00)	
Total 6600 · Collection/Transmission														94,500.00	(94,500.00)	

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2015 through June 2016

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
TOTAL																
6700 · Treatment																
6710 · Chemicals & Filtering														30,000.00	(30,000.00)	
6720 · Maintenance, Treatment Equip.														4,000.00	(4,000.00)	
6730 · Treatment Analysis														25,000.00	(25,000.00)	
Total 6700 · Treatment														59,000.00	(59,000.00)	
6770 · Uniforms														9,000.00	(9,000.00)	
6800 · Vehicles														8,500.00	(8,500.00)	
6810 · Fuel														2,000.00	(2,000.00)	
6820 · Truck Equipment, Expensed														5,000.00	(5,000.00)	
6830 · Truck Repairs														15,500.00	(15,500.00)	
Total 6800 · Vehicles														15,500.00	(15,500.00)	
Total 6000 · Operations														419,750.00	(419,750.00)	
Total Expense	53,352.91												53,352.91	1,420,875.00	(1,367,522.09)	3.76%
Net Ordinary Income	105,680.31												105,680.31	544,309.00	(438,628.69)	19.42%
Other Income/Expense																
Other Income																
7000 · Capital Account Revenues																
7100 · Connection Fees																
7110 · Connection Fees (New Constr)														101,000.00	(101,000.00)	
7120 · Connection Fees (Remodel)														3,000.00	(3,000.00)	
7130 · Conn. Fees, PFP (New Constr)	11,962.00												11,962.00	53,000.00	(41,038.00)	22.57%
7140 · Conn. Fees, PFP (Remodel)																
Total 7100 · Connection Fees	11,962.00												11,962.00	157,000.00	(145,038.00)	7.62%
7600 · Bond Revenues, G.O.																
Total 7000 · Capital Account Revenues	11,962.00												11,962.00	1,150,436.00	(1,150,436.00)	0.92%
Total Other Income	11,962.00												11,962.00	1,307,436.00	(1,295,474.00)	0.92%
Other Expense																
8000 · Capital Improvement Program																
8100 · Water														1,729,000.00	(1,729,000.00)	
Total 8000 · Capital Improvement Program														1,729,000.00	(1,729,000.00)	
9000 · Capital Account Expenses														1,729,000.00	(1,729,000.00)	

Montara Water & Sanitary District Revenue & Expenditures Budget vs. Actual - Water July 2015 through June 2016

	TOTAL															
	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul '15 - Jun 16	Budget	\$ Over Budget	% of Budget
9100 - Interest Expense - GO Bonds	887.68												887.68	315,346.00	(315,346.00)	
9125 - PNC Equipment Lease Interest													887.68	20,790.00	(19,902.32)	4.27%
9150 - SRF Loan													887.68	336,136.00	(335,248.32)	0.26%
Total 9000 - Capital Account Expenses	887.68												887.68	2,065,136.00	(2,064,248.32)	0.04%
Total Other Expense	11,074.32												11,074.32	(757,700.00)	768,774.32	-1.46%
Net Other Income	116,754.63												116,754.63	(213,391.00)	330,145.63	-54.71%
Net Income																

Montara Water & Sanitary District
Funds Balance Sheet
As of July 31, 2015

	Sewer	Water	TOTAL
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	1,471,587.93	0.00	1,471,587.93
LAIF Investment Fund			
Capital Reserve	3,789,563.62	0.00	3,789,563.62
Connection Fees Reserve	325,604.00	0.00	325,604.00
Operating Reserve	158,079.00	0.00	158,079.00
Total LAIF Investment Fund	4,273,246.62	0.00	4,273,246.62
Total Sewer - Bank Accounts	5,744,834.55	0.00	5,744,834.55
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	480,373.79	480,373.79
Capital Reserve	0.00	398,249.00	398,249.00
Operating Reserve	0.00	190,251.00	190,251.00
Restricted Cash			
Acq & Improv Fund	0.00	436.13	436.13
Connection Fees Reserve	0.00	157,000.00	157,000.00
Cost of Issuance	0.00	122.94	122.94
GO Bonds Fund	0.00	1,355,991.77	1,355,991.77
Total Restricted Cash	0.00	1,513,550.84	1,513,550.84
Total Water - Bank Accounts	0.00	2,582,424.63	2,582,424.63
Total Checking/Savings	5,744,834.55	2,582,424.63	8,327,259.18
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	13,585.44	0.00	13,585.44
Total Sewer - Accounts Receivable	13,585.44	0.00	13,585.44
Water - Accounts Receivable			
Accounts Receivable	0.00	-2,527.25	-2,527.25
Accounts Rec. - Backflow	0.00	10,781.51	10,781.51
Accounts Rec. - Water Residents	0.00	98,576.89	98,576.89
Unbilled Water Receivables	0.00	195,064.08	195,064.08
Total Water - Accounts Receivable	0.00	301,895.23	301,895.23
Total Accounts Receivable	13,585.44	301,895.23	315,480.67
Other Current Assets			
Maint/Parts Inventory	0.00	42,656.32	42,656.32
Prepaid Refuse Charges	20,625.07	0.00	20,625.07
Total Other Current Assets	20,625.07	42,656.32	63,281.39
Total Current Assets	5,779,045.06	2,926,976.18	8,706,021.24
Fixed Assets			
Sewer - Fixed Assets			
General Plant	2,047,185.08	0.00	2,047,185.08
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.	3,250,409.57	0.00	3,250,409.57
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	5,340,307.33	0.00	5,340,307.33

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 Accrual Basis

Montara Water & Sanitary District
Funds Balance Sheet
 As of July 31, 2015

Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	<u>-6,886,088.00</u>	<u>0.00</u>	<u>-6,886,088.00</u>
Total Sewer - Fixed Assets	4,996,858.82	0.00	4,996,858.82
Water - Fixed Assets			
General Plant	0.00	24,301,100.60	24,301,100.60
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	<u>0.00</u>	<u>-8,014,973.00</u>	<u>-8,014,973.00</u>
Total Water - Fixed Assets	0.00	18,427,784.38	18,427,784.38
Total Fixed Assets	4,996,858.82	18,427,784.38	23,424,643.20
Other Assets			
Sewer - Other Assets			
Due from Water Fund	803,385.23	0.00	803,385.23
Employee Loan - S/T	18,998.43	0.00	18,998.43
Employee Loan - L/T	73,078.66	0.00	73,078.66
Joint Power Authority			
SAM - Orig Collection Facility	1,351,880.00	0.00	1,351,880.00
SAM - Expansion	<u>1,705,955.08</u>	<u>0.00</u>	<u>1,705,955.08</u>
Total Joint Power Authority	3,057,835.08	0.00	3,057,835.08
Total Sewer - Other Assets	3,953,297.40	0.00	3,953,297.40
Water - Other Assets			
Bond Acquisition Cost OID	0.00	62,522.40	62,522.40
Bond Issue Cost	0.00	66,832.40	66,832.40
Total Water - Other Assets	0.00	129,354.80	129,354.80
Total Other Assets	3,953,297.40	129,354.80	4,082,652.20
TOTAL ASSETS	<u>14,729,201.28</u>	<u>21,484,115.36</u>	<u>36,213,316.64</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Other Current Liabilities			
Sewer - Current Liabilities			
Accrued Vacations	357.63	0.00	357.63
Deposits Payable	6,622.50	0.00	6,622.50
I-Bank Loan - Current	26,540.23	0.00	26,540.23
Interest Payable	11,011.32	0.00	11,011.32
PNC Equip. Loan - S/T	35,545.29	0.00	35,545.29
Total Sewer - Current Liabilities	80,076.97	0.00	80,076.97
Water - Current Liabilities			
Accrued Payables - Water	0.00	903.90	903.90
Accrued Vacations	0.00	16,555.47	16,555.47
Deposits Payable	0.00	10,334.85	10,334.85
GO Bonds - S/T	0.00	835,089.96	835,089.96
Interest Payable	0.00	132,424.58	132,424.58
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	<u>0.00</u>	<u>35,545.29</u>	<u>35,545.29</u>
Total Water - Current Liabilities	0.00	1,035,156.55	1,035,156.55
Payroll Liabilities			
Employee Benefits Payable	1,575.47	2,398.94	3,974.41
Total Payroll Liabilities	1,575.47	2,398.94	3,974.41
Total Other Current Liabilities	81,652.44	1,037,555.49	1,119,207.93

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 8/31/15
 Accrual Basis

Montara Water & Sanitary District
Funds Balance Sheet
 As of July 31, 2015

Total Current Liabilities	81,652.44	1,037,555.49	1,119,207.93
Long Term Liabilities			
Sewer - Long Term Liabilities			
Accrued Vacations	3,890.95	0.00	3,890.95
I-Bank Loan	797,571.02	0.00	797,571.02
PNC Equip. Loan - L/T	683,657.26	0.00	683,657.26
Total Sewer - Long Term Liabilities	<u>1,485,119.23</u>	<u>0.00</u>	<u>1,485,119.23</u>
Water - Long Term Liabilities			
Accrued Vacations	0.00	12,283.28	12,283.28
Deferred on Refunding	0.00	-243,278.00	-243,278.00
Due to Sewer Fund	0.00	803,385.23	803,385.23
GO Bonds - L/T	0.00	12,334,204.80	12,334,204.80
PNC Equip. Loan - L/T	0.00	683,657.28	683,657.28
SRF Loan Payable	0.00	1,796,843.51	1,796,843.51
Total Water - Long Term Liabilities	<u>0.00</u>	<u>15,387,096.10</u>	<u>15,387,096.10</u>
Total Long Term Liabilities	<u>1,485,119.23</u>	<u>15,387,096.10</u>	<u>16,872,215.33</u>
Total Liabilities	1,566,771.67	16,424,651.59	17,991,423.26
Equity			
Sewer - Equity Accounts			
Capital Assets Net	3,408,252.20	0.00	3,408,252.20
Fund Balance - Unrestricted	8,646,292.87	0.00	8,646,292.87
Retained Earnings	-270,049.15	0.00	-270,049.15
Total Sewer - Equity Accounts	<u>11,784,495.92</u>	<u>0.00</u>	<u>11,784,495.92</u>
Water - Equity Accounts			
Capital Assets Net	0.00	2,868,858.70	2,868,858.70
Restricted Debt Service	0.00	1,384,997.90	1,384,997.90
Unrestricted	0.00	-1,562,801.59	-1,562,801.59
Retained Earnings	0.00	270,049.15	270,049.15
Total Water - Equity Accounts	<u>0.00</u>	<u>2,961,104.16</u>	<u>2,961,104.16</u>
Equity Adjustment Account	1,475,365.04	1,981,604.98	3,456,970.02
Net Income	-97,431.35	116,754.63	19,323.28
Total Equity	<u>13,162,429.61</u>	<u>5,059,463.77</u>	<u>18,221,893.38</u>
TOTAL LIABILITIES & EQUITY	<u><u>14,729,201.28</u></u>	<u><u>21,484,115.36</u></u>	<u><u>36,213,316.64</u></u>

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

	Jul 15	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	2,778.19		
4400 · Fees		2,666.67	
4410 · Administrative Fee (New Constr)	0.00	375.00	-375.00
4420 · Administrative Fee (Remodel)	0.00	75.00	-75.00
4430 · Inspection Fee (New Constr)	0.00	354.17	-354.17
4440 · Inspection Fee (Remodel)	0.00	66.67	-66.67
Total 4400 · Fees	0.00	870.84	-870.84
4740 · Testing, Backflow	2,781.00		
4810 · Water Sales, Domestic	154,270.38	1,083.33	1,697.67
4850 · Water Sales Refunds, Customer	-1,488.35	140,227.83	14,042.55
4990 · Other Revenue	692.00	-250.00	-1,238.35
Total Income	159,033.22	144,596.67	14,434.55
Expense			
5000 · Administrative			
5190 · Bank Fees			
5200 · Board of Directors	532.63	750.00	-217.37
5210 · Board Meetings	0.00	208.33	-208.33
5220 · Director Fees	0.00	275.00	-275.00
Total 5200 · Board of Directors	0.00	483.33	-483.33
5240 · CDPH Fees	0.00	1,250.00	-1,250.00
5250 · Conference Attendance	0.00	333.33	-333.33
5270 · Information Systems	0.00	266.67	-266.67
5300 · Insurance			
5320 · Property & Liability Insurance	1,688.18	146.25	1,541.93
Total 5300 · Insurance	1,688.18	146.25	1,541.93
5350 · LAFCO Assessment	0.00	233.33	-233.33
5400 · Legal			
5420 · Meeting Attendance, Legal	0.00	708.33	-708.33
5430 · General Legal	0.00	5,000.00	-5,000.00
Total 5400 · Legal	0.00	5,708.33	-5,708.33
5510 · Maintenance, Office	0.00	500.00	-500.00
5530 · Memberships	0.00	1,500.00	-1,500.00
5540 · Office Supplies	0.00	750.00	-750.00
5550 · Postage	0.00	500.00	-500.00
5580 · Printing & Publishing	0.00	166.67	-166.67
5600 · Professional Services			
5610 · Accounting	0.00	2,500.00	-2,500.00
5630 · Consulting	0.00	2,083.33	-2,083.33
5660 · Payroll Services	60.98	70.83	-9.85
Total 5600 · Professional Services	60.98	4,654.16	-4,593.18
5720 · Telephone & Internet	287.56	750.00	-462.44
5730 · Mileage Reimbursement	0.00	166.67	-166.67
5740 · Reference Materials	0.00	66.67	-66.67

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

	Jul 15	Water Budget	\$ Over Budget
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	2,598.79	2,929.50	-389.71
5820 · Employee Benefits	5,405.84	5,106.42	299.42
5830 · Disability Insurance	0.00	295.75	-295.75
5840 · Payroll Taxes	3,017.54	3,201.58	-184.04
5850 · PARS	375.00	9,316.33	-8,941.33
5900 · Wages			
5910 · Management	6,625.46	7,170.08	-544.62
5920 · Staff	26,717.05	28,232.08	-1,515.03
5930 · Staff Certification	750.00	763.92	-13.92
5940 · Staff Overtime	3,524.31	4,159.83	-635.52
5950 · Staff Standby	1,828.57	1,524.58	303.99
Total 5900 · Wages	39,445.39	41,850.49	-2,405.10
5960 · Worker's Comp Insurance	0.00	1,418.25	-1,418.25
Total 5800 · Labor	50,783.56	64,118.32	-13,334.76
Total 5000 · Administrative	53,352.91	82,343.73	-28,990.82
6000 · Operations			
6160 · Backflow Prevention	0.00	333.33	-333.33
6170 · Claims, Property Damage	0.00	833.33	-833.33
6180 · Communications			
6185 · SCADA Maintenance	0.00	1,250.00	-1,250.00
Total 6180 · Communications	0.00	1,250.00	-1,250.00
6195 · Education & Training	0.00	500.00	-500.00
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	166.67	-166.67
6220 · General Engineering	0.00	2,500.00	-2,500.00
6230 · Water Quality Engineering	0.00	2,916.67	-2,916.67
Total 6200 · Engineering	0.00	5,583.34	-5,583.34
6320 · Equipment & Tools, Expensed	0.00	500.00	-500.00
6330 · Facilities			
6335 · Alarm Services	0.00	62.50	-62.50
6337 · Landscaping	0.00	375.00	-375.00
Total 6330 · Facilities	0.00	437.50	-437.50
6370 · Lab Supplies & Equipment	0.00	83.33	-83.33
6400 · Pumping			
6410 · Pumping Fuel & Electricity	0.00	5,416.67	-5,416.67
6420 · Pumping Maintenance, Generators	0.00	1,083.33	-1,083.33
6430 · Pumping Maintenance, General	0.00	208.33	-208.33
6440 · Pumping Equipment, Expensed	0.00	166.67	-166.67
Total 6400 · Pumping	0.00	6,875.00	-6,875.00
6500 · Supply			
6520 · Maintenance, Wells	0.00	416.67	-416.67
6530 · Water Purchases	0.00	3,333.33	-3,333.33
Total 6500 · Supply	0.00	3,750.00	-3,750.00

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

	Jul 15	Water Budget	\$ Over Budget
6600 · Collection/Transmission			
6610 · Hydrants	0.00	83.33	-83.33
6620 · Maintenance, Water Mains	0.00	4,583.33	-4,583.33
6630 · Maintenance, Water Svc Lines	0.00	2,083.33	-2,083.33
6640 · Maintenance, Tanks	0.00	83.33	-83.33
6650 · Maint., Distribution General	0.00	833.33	-833.33
6670 · Meters	0.00	208.33	-208.33
Total 6600 · Collection/Transmission	0.00	7,874.98	-7,874.98
6700 · Treatment			
6710 · Chemicals & Filtering	0.00	2,500.00	-2,500.00
6720 · Maintenance, Treatment Equip.	0.00	333.33	-333.33
6730 · Treatment Analysis	0.00	2,083.33	-2,083.33
Total 6700 · Treatment	0.00	4,916.66	-4,916.66
6770 · Uniforms	0.00	750.00	-750.00
6800 · Vehicles			
6810 · Fuel	0.00	708.33	-708.33
6820 · Truck Equipment, Expensed	0.00	166.67	-166.67
6830 · Truck Repairs	0.00	416.67	-416.67
Total 6800 · Vehicles	0.00	1,291.67	-1,291.67
Total 6000 · Operations	0.00	34,979.14	-34,979.14
Total Expense	53,352.91	117,322.87	-63,969.96
Net Ordinary Income	105,680.31	27,275.80	78,404.51
Other Income/Expense			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	0.00	8,416.67	-8,416.67
7120 · Connection Fees (Remodel)	0.00	250.00	-250.00
7130 · Conn. Fees, PFP (New Constr)	11,962.00	4,416.67	7,545.33
Total 7100 · Connection Fees	11,962.00	13,083.34	-1,121.34
7600 · Bond Revenues, G.O.	0.00	95,869.67	-95,869.67
Total 7000 · Capital Account Revenues	11,962.00	108,953.01	-96,991.01
Total Other Income	11,962.00	108,953.01	-96,991.01
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	0.00	144,083.33	-144,083.33
Total 8000 · Capital Improvement Program	0.00	144,083.33	-144,083.33

**Montara Water & Sanitary District
 Revenue & Expenditures Budget vs. Actual - Water
 July 2015**

	Jul 15	Water Budget	\$ Over Budget
9000 · Capital Account Expenses			
9100 · Interest Expense - GO Bonds	0.00	158,909.49	-158,909.49
9125 · PNC Equipment Lease Interest	887.68	1,775.36	-887.68
Total 9000 · Capital Account Expenses	887.68	160,684.85	-159,797.17
Total Other Expense	887.68	304,768.18	-303,880.50
Net Other Income	11,074.32	-195,615.17	206,889.49
Net Income	116,754.63	-188,539.37	285,294.00

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

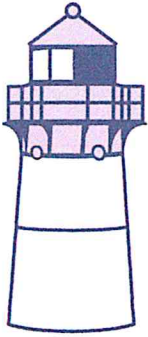
	Jul 15	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	2,778.18		
4400 · Fees		2,666.67	111.51
4410 · Administrative Fee (New Constr)	0.00	208.33	-208.33
4420 · Administrative Fee (Remodel)	474.00	250.00	224.00
4430 · Inspection Fee (New Constr)	0.00	166.67	-166.67
4440 · Inspection Fee (Remodel)	1,087.00	375.00	712.00
4460 · Remodel Fees	11,075.00	583.33	10,491.67
Total 4400 · Fees	12,636.00	1,583.33	11,052.67
4720 · Sewer Service Refunds, Customer	0.00	-333.33	333.33
4760 · Waste Collection Revenues	882.48	1,250.00	-367.52
Total Income	16,296.66	5,166.67	11,129.99
Expense			
5000 · Administrative			
5190 · Bank Fees	260.66	333.33	-72.67
5200 · Board of Directors			
5210 · Board Meetings	0.00	208.33	-208.33
5220 · Director Fees	0.00	275.00	-275.00
Total 5200 · Board of Directors	0.00	483.33	-483.33
5250 · Conference Attendance	0.00	166.67	-166.67
5270 · Information Systems	0.00	500.00	-500.00
5300 · Insurance			
5320 · Property & Liability Insurance	1,688.18	146.25	1,541.93
Total 5300 · Insurance	1,688.18	146.25	1,541.93
5350 · LAFCO Assessment	-0.00	165.58	-165.58
5400 · Legal			
5420 · Meeting Attendance, Legal	0.00	791.67	-791.67
5430 · General Legal	0.00	1,250.00	-1,250.00
Total 5400 · Legal	0.00	2,041.67	-2,041.67
5510 · Maintenance, Office	0.00	500.00	-500.00
5540 · Office Supplies	0.00	750.00	-750.00
5550 · Postage	0.00	166.67	-166.67
5560 · Printing & Publishing	0.00	250.00	-250.00
5600 · Professional Services			
5610 · Accounting	0.00	2,500.00	-2,500.00
5630 · Consulting	0.00	1,083.33	-1,083.33
5640 · Data Services	0.00	500.00	-500.00
5650 · Labor & HR Support	0.00	187.50	-187.50
5660 · Payroll Services	60.98	66.67	-5.69
Total 5600 · Professional Services	60.98	4,337.50	-4,276.52
5710 · San Mateo Co. Tax Roll Charges	0.00	208.33	-208.33
5720 · Telephone & Internet	127.10	750.00	-622.90
5730 · Mileage Reimbursement	0.00	125.00	-125.00
5740 · Reference Materials	0.00	16.67	-16.67

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

	Jul 15	Sewer Budget	\$ Over Budget
5800 - Labor			
5810 - CalPERS 457 Deferred Plan	1,095.25	1,142.42	-47.17
5820 - Employee Benefits	2,693.79	3,041.42	-347.63
5830 - Disability Insurance	0.00	120.83	-120.83
5840 - Payroll Taxes	1,196.98	1,248.58	-51.60
5850 - PARS	0.00	3,773.75	-3,773.75
5900 - Wages			
5910 - Management	6,625.44	7,170.08	-544.64
5920 - Staff	8,854.08	8,590.83	263.25
5930 - Staff Certification	150.00	154.50	-4.50
5940 - Staff Overtime	17.04	309.83	-292.79
5950 - Staff Standby	0.00	95.58	-95.58
Total 5900 - Wages	15,646.56	16,320.82	-674.26
5960 - Worker's Comp Insurance	0.00	324.25	-324.25
Total 5800 - Labor	20,632.58	25,972.07	-5,339.49
Total 5000 - Administrative	22,769.50	36,913.07	-14,143.57
6000 - Operations			
6170 - Claims, Property Damage	0.00	833.33	-833.33
6195 - Education & Training	0.00	83.33	-83.33
6200 - Engineering			
6210 - Meeting Attendance, Engineering	0.00	166.67	-166.67
6220 - General Engineering	0.00	4,166.67	-4,166.67
Total 6200 - Engineering	0.00	4,333.34	-4,333.34
6320 - Equipment & Tools, Expensed			
6330 - Facilities	0.00	83.33	-83.33
6335 - Alarm Services	391.80	416.67	-24.87
6337 - Landscaping	0.00	200.00	-200.00
Total 6330 - Facilities	391.80	616.67	-224.87
6400 - Pumping			
6410 - Pumping Fuel & Electricity	0.00	2,250.00	-2,250.00
Total 6400 - Pumping	0.00	2,250.00	-2,250.00
6600 - Collection/Transmission			
6660 - Maintenance, Collection System	0.00	833.33	-833.33
Total 6600 - Collection/Transmission	0.00	833.33	-833.33
6800 - Vehicles			
6810 - Fuel	0.00	66.67	-66.67
6820 - Truck Equipment, Expensed	0.00	13.33	-13.33
6830 - Truck Repairs	0.00	33.33	-33.33
Total 6800 - Vehicles	0.00	113.33	-113.33

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

	Jul 15	Sewer Budget	\$ Over Budget
6900 - Sewer Authority Midcoastside			
6910 - SAM Collections	30,042.00	30,041.67	0.33
6920 - SAM Operations	58,991.00	58,991.00	0.00
6940 - SAM Maintenance, Collection Sys	0.00	3,333.33	-3,333.33
6950 - SAM Maintenance, Pumping	0.00	4,166.67	-4,166.67
Total 6900 - Sewer Authority Midcoastside	89,033.00	96,532.67	-7,499.67
Total 6000 - Operations	89,424.80	105,679.33	-16,254.53
Total Expense	112,194.30	142,592.40	-30,398.10
Net Ordinary Income	-95,897.64	-137,425.73	41,528.09
Other Income/Expense			
Other Income			
7000 - Capital Account Revenues			
7100 - Connection Fees	0.00	22,967.00	-22,967.00
7110 - Connection Fees (New Constr)	12,439.00	4,166.67	8,272.33
7120 - Connection Fees (Remodel)			
Total 7100 - Connection Fees	12,439.00	27,133.67	-14,694.67
7700 - Interest, Employee Loans	303.97	303.97	0.00
Total 7000 - Capital Account Revenues	12,742.97	27,437.64	-14,694.67
Total Other Income	12,742.97	27,437.64	-14,694.67
Other Expense			
8000 - Capital Improvement Program	0.00	57,123.58	-57,123.58
8075 - Sewer			
Total 8000 - Capital Improvement Program	0.00	57,123.58	-57,123.58
9000 - Capital Account Expenses			
9125 - PNC Equipment Lease Interest	887.68	1,775.36	-887.68
9175 - Capital Assessment - SAM	13,389.00	13,388.83	0.17
9200 - I-Bank Loan	0.00	13,213.58	-13,213.58
Total 9000 - Capital Account Expenses	14,276.68	28,377.77	-14,101.09
Total Other Expense	14,276.68	85,501.35	-71,224.67
Net Other Income	-1,533.71	-58,063.71	56,530.00
Net Income	-97,431.35	-195,489.44	98,058.09



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: SAM Flow Report for July 2015

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 July 2015.
- Collection System Monthly Overflow Report – July 2015.

The Average Daily Flow for Montara was 0.247 MGD in July 2015. There was 1 reportable overflow in July in the Montara System due to roots. SAM indicates there were 0.18 inches of rain in July 2015.

RECOMMENDATION:

Review and file.

Attachments

Attachment A

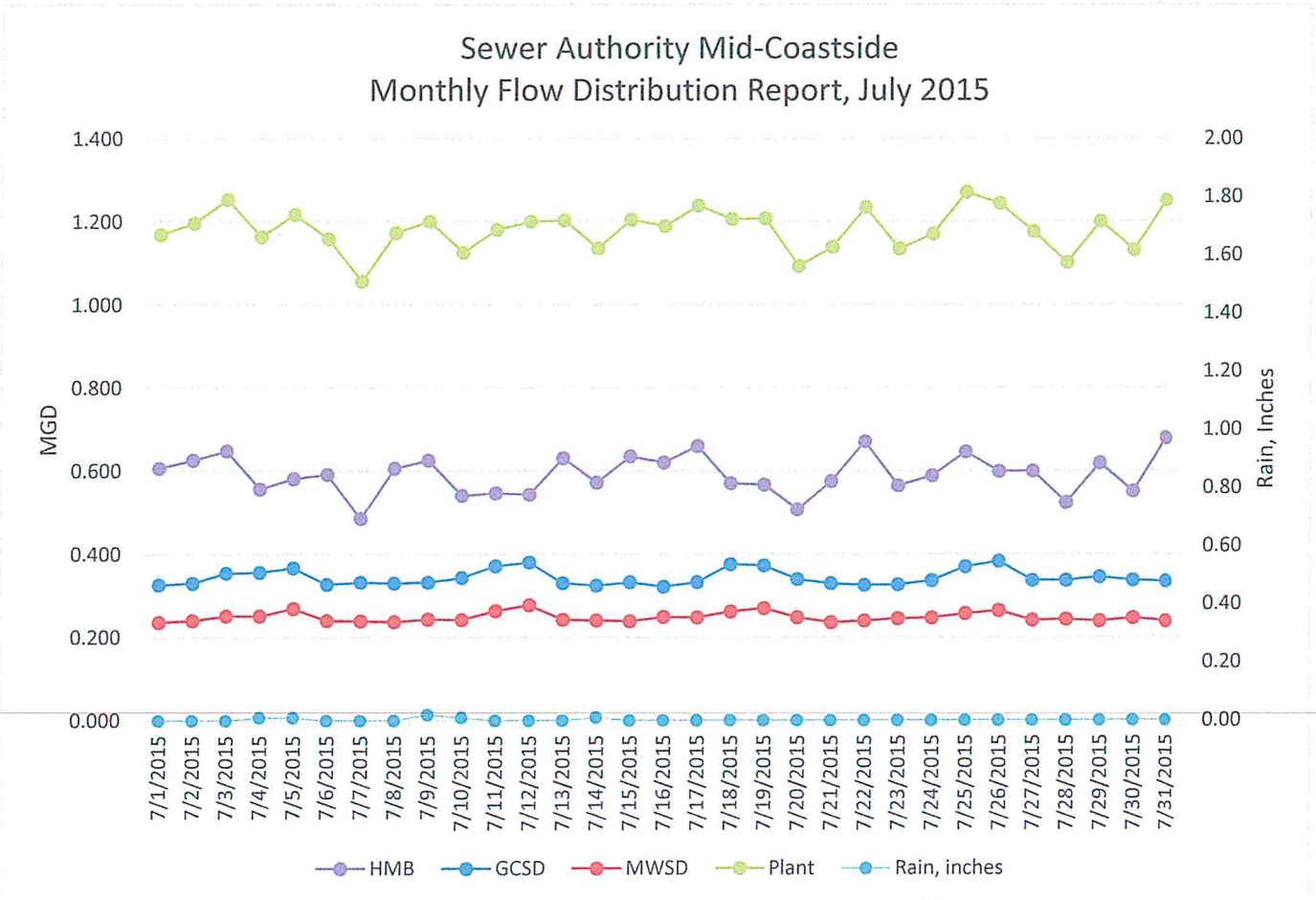
Flow Distribution Report Summary For July 2015

The daily flow report figures for the month of July 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	0.591	50.0%
Granada Community Services District	0.343	29.0%
Montara Water and Sanitary District	<u>0.247</u>	<u>20.9%</u>
Total	1.182	100.0%



Sewer Authority Mid-Coastside

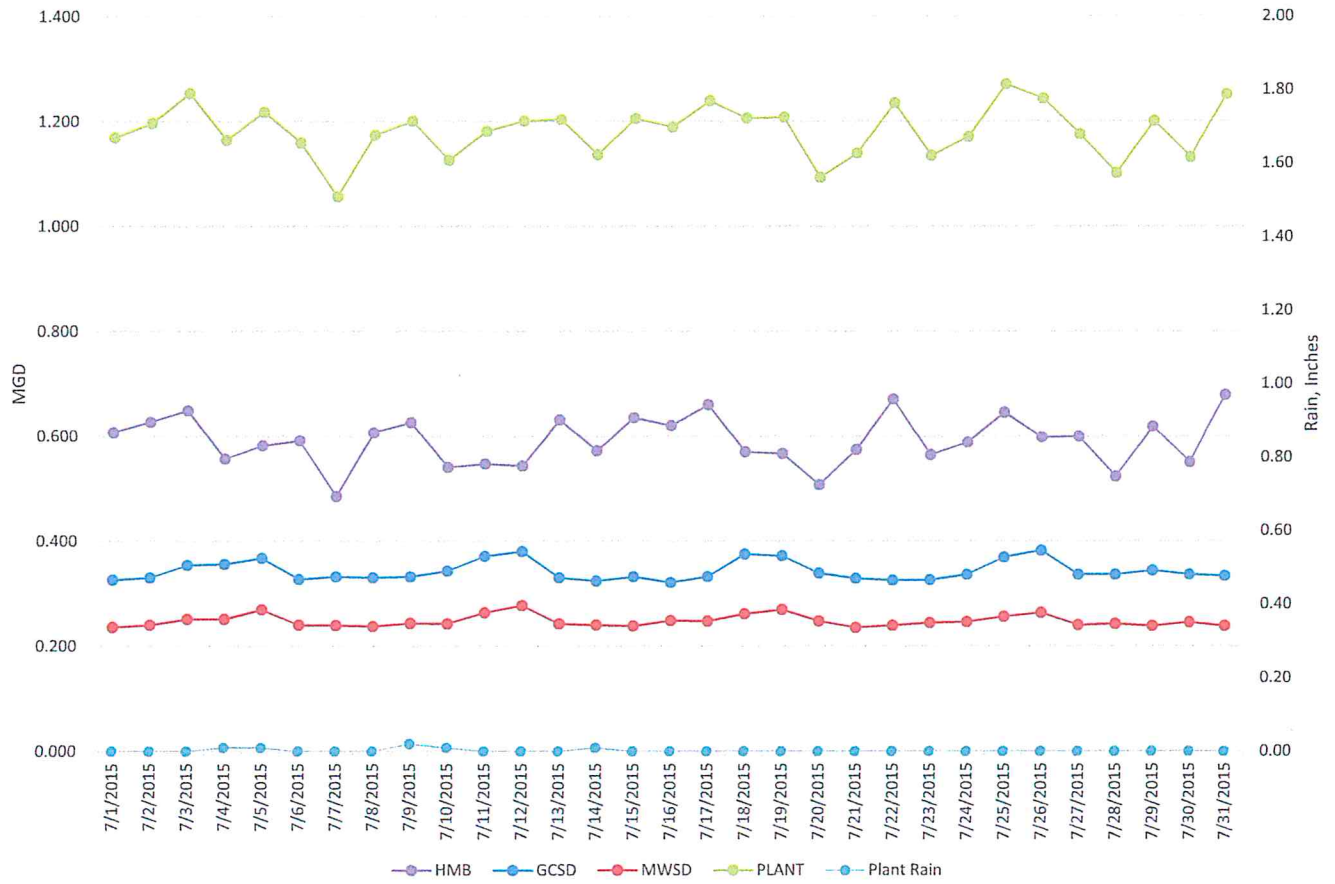
Monthly Flow Distribution Report for July 2015

<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>
7/1/2015	0.607	0.326	0.236	1.169	0.00	0.00	0.00
7/2/2015	0.626	0.330	0.240	1.197	0.00	0.00	0.00
7/3/2015	0.648	0.354	0.251	1.254	0.00	0.00	0.01
7/4/2015	0.557	0.356	0.251	1.164	0.01	0.01	0.01
7/5/2015	0.582	0.367	0.269	1.218	0.01	0.00	0.02
7/6/2015	0.592	0.327	0.240	1.159	0.00	0.00	0.03
7/7/2015	0.486	0.332	0.239	1.057	0.00	0.00	0.00
7/8/2015	0.606	0.330	0.237	1.174	0.00	0.00	0.02
7/9/2015	0.626	0.332	0.243	1.201	0.02	0.01	0.05
7/10/2015	0.541	0.343	0.242	1.126	0.01	0.00	0.00
7/11/2015	0.547	0.371	0.263	1.181	0.00	0.00	0.00
7/12/2015	0.543	0.380	0.277	1.201	0.00	0.00	0.00
7/13/2015	0.631	0.330	0.242	1.203	0.00	0.00	0.00
7/14/2015	0.572	0.324	0.240	1.136	0.01	0.00	0.04
7/15/2015	0.635	0.332	0.238	1.205	0.00	0.00	0.00
7/16/2015	0.620	0.321	0.248	1.189	0.00	0.00	0.00
7/17/2015	0.660	0.332	0.247	1.239	0.00	0.00	0.00
7/18/2015	0.570	0.375	0.261	1.206	0.00	0.00	0.00
7/19/2015	0.567	0.372	0.269	1.208	0.00	0.00	0.00
7/20/2015	0.507	0.339	0.247	1.093	0.00	0.00	0.00
7/21/2015	0.575	0.329	0.235	1.139	0.00	0.00	0.00
7/22/2015	0.671	0.325	0.239	1.235	0.00	0.00	0.00
7/23/2015	0.564	0.326	0.244	1.134	0.00	0.00	0.00
7/24/2015	0.588	0.336	0.246	1.170	0.00	0.00	0.00
7/25/2015	0.645	0.369	0.256	1.271	0.00	0.00	0.00
7/26/2015	0.598	0.382	0.263	1.244	0.00	0.00	0.00
7/27/2015	0.599	0.336	0.240	1.176	0.00	0.00	0.00
7/28/2015	0.523	0.336	0.242	1.102	0.00	0.00	0.00
7/29/2015	0.618	0.344	0.238	1.201	0.00	0.01	0.00
7/30/2015	0.550	0.336	0.245	1.132	0.00	0.01	0.00
7/31/2015	0.679	0.334	0.238	1.251	0.00	0.00	0.00
Totals	18.333	10.632	7.666	36.631	0.06	0.04	0.18

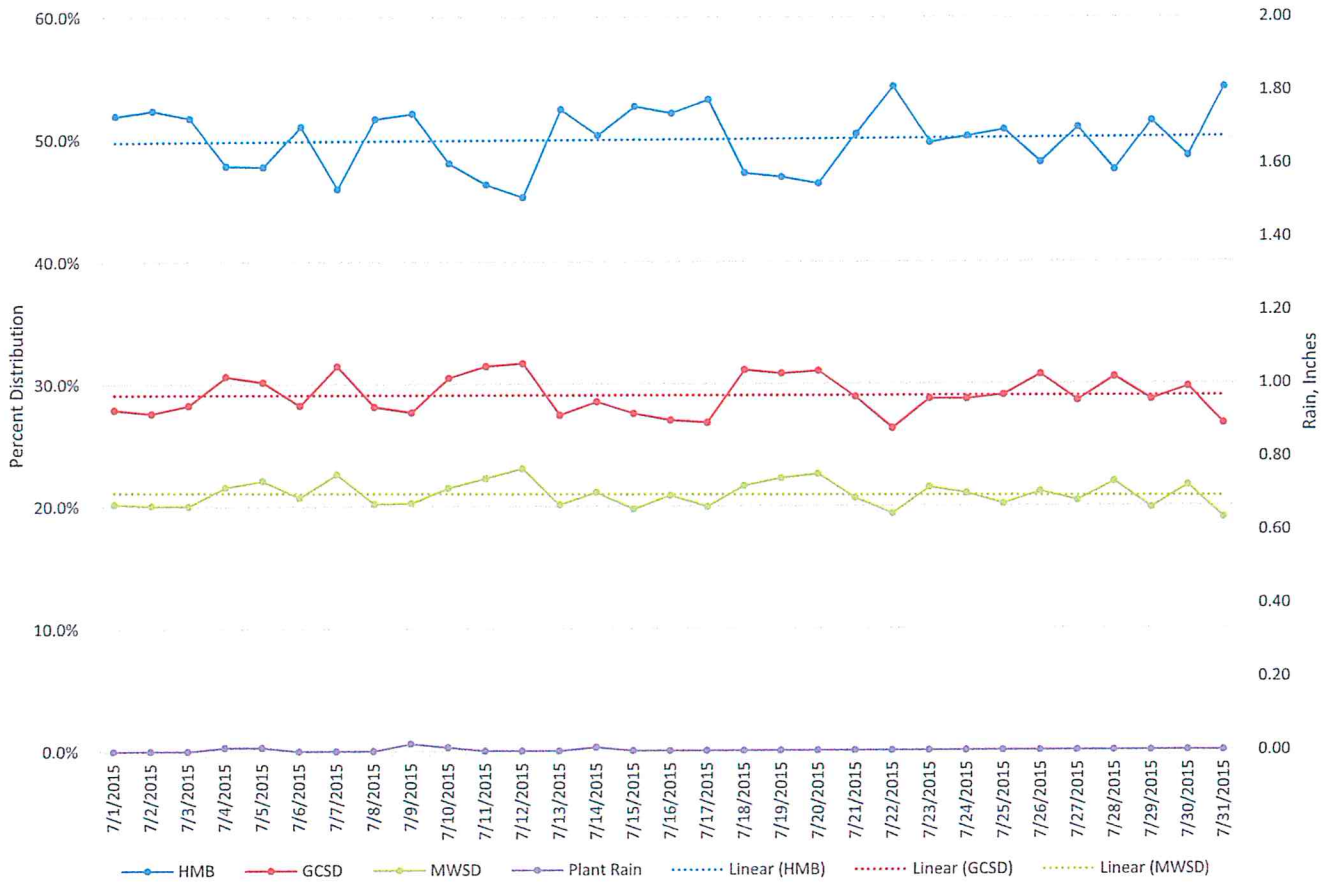
Summary

	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.486	0.321	0.235	1.057
Average	0.591	0.343	0.247	1.182
Maximum	0.679	0.382	0.277	1.271
Distribution	50.0%	29.0%	20.9%	100.0%

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



Percent Distribution July 2015



Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, July 2015

July 2015

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	1	0	0	1	0
Grease	1	1	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	0	0	0	0	0
Total	2	1	0	1	0
		50%	0%	50%	0%

12 Month Moving Total

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	5	0	1	4	0
Grease	0	0	0	0	0
Mechanical	3	0	0	2	1
Wet Weather	1	1	0	0	0
Other	5	3	0	2	0
Total	14	4	1	8	1
		29%	7%	57%	7%

Reportable SSOs

	Total	Number			
		HMB	GCSD	MWSD	SAM
July 2015	2	1	0	1	0
12 Month Moving Total	14	4	1	8	1

SSOs / Year / 100 Miles

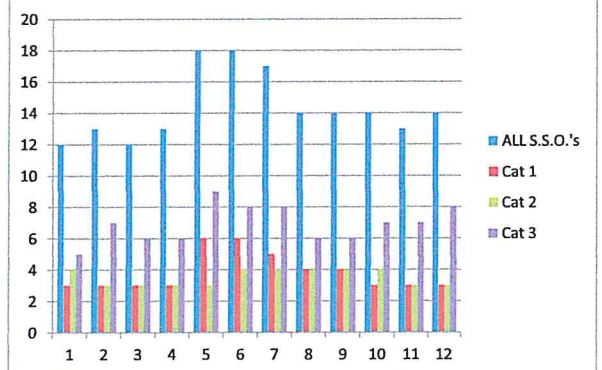
	Total	Number			
		HMB	GCSD	MWSD	SAM
July 2015	1.9	2.7	0.0	3.7	0.0
12 Month Moving Total	13.4	10.8	3.0	29.6	13.7
Category 1	2.9	2.7	0.0	3.7	13.7
Category 2	2.9	5.4	0.0	3.7	0.0
Category 3	7.7	2.7	3.0	22.2	0.0
Miles of Sewers	104.5	37.0	33.2	27.0	7.3
		35.4%	31.8%	25.8%	7.0%

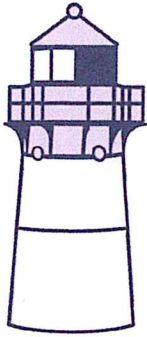
12 Month Rolling Total Sewer Cleaning Summary

Month	HMB	GCSD	MWSD	Total Feet	Total Miles
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
July-15	21,643	18,222	2,166	42,031	8.0
Annual ft	215,223	173,658	125,605	514,486	
Annual Mi.	40.8	32.9	23.8		97.4

Attachment D

12 Month Moving SSO Totals Through July 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

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 July 2015 was 0.320%.
- 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: **September 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Connection Permit Applications Received

As of Sept. 3, 2015 the following new Sewer Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size
8/12/2015	Rich Collins	505 6 th Street	SFD
8/21/2015	D. Borsini-Burr	7 th Street	SFD

As of Sept. 3, 2015 the following new Water (Private Fire Sprinkler) Connection Permit applications were received since the last report:

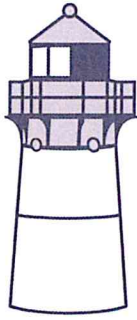
Date of Application	Property Owner	Site Address	Home Size
8/12/2015	Rich Collins	505 6 th Street	SFD
8/21/2015	D. Borsini-Burr	7 th Street	SFD

As of Sept. 3, 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
8/12/2015	Rich Collins	505 6 th Street	SFD	Domestic
8/21/2015	D. Borsini-Burr	7 th Street	SFD	Domestic

RECOMMENDATION:

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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3rd, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

SUBJECT: Monthly Water Production Report

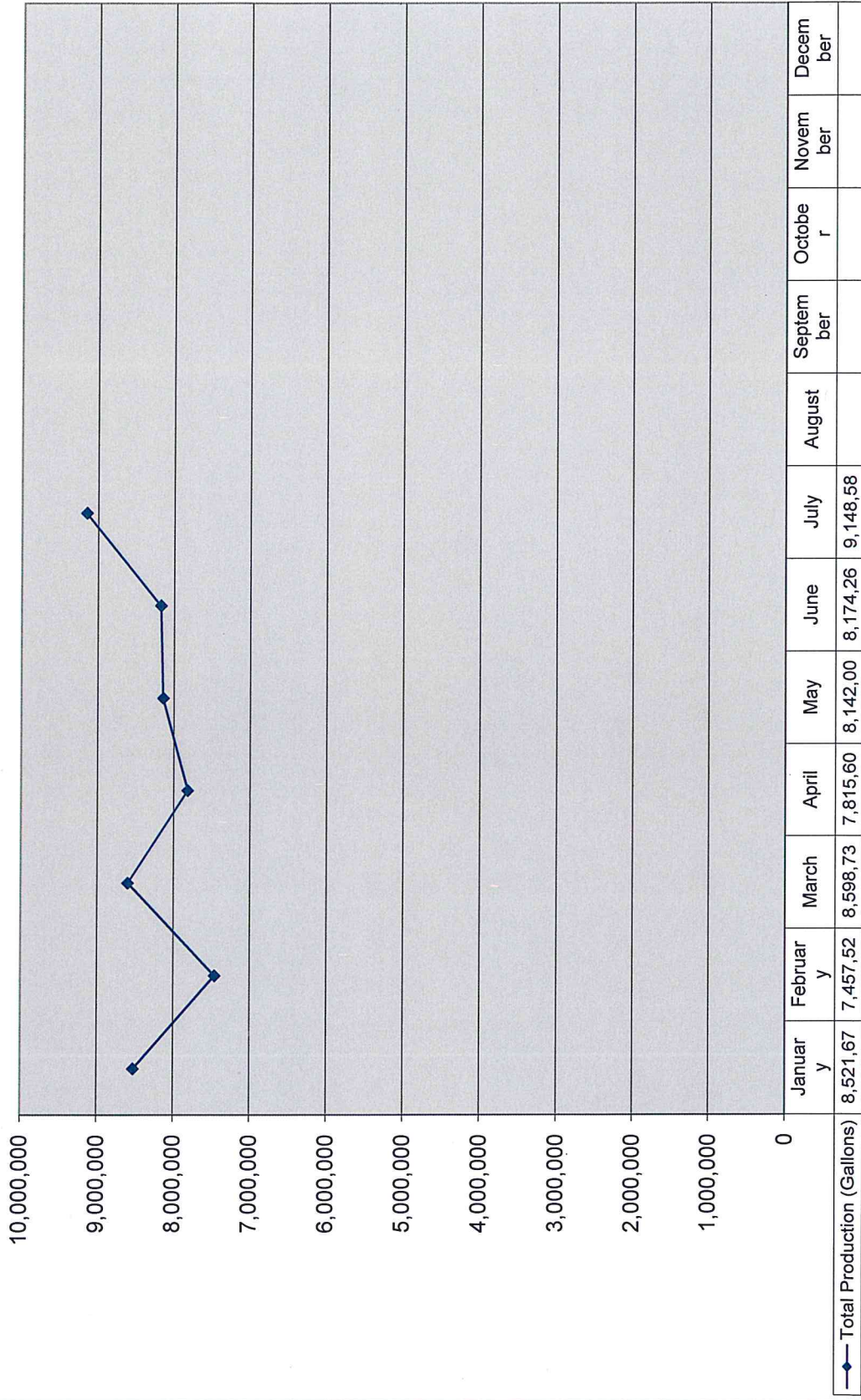
The attached two charts summarize the monthly water production for the District. The first shows a consolidated report from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

RECOMMENDATION:

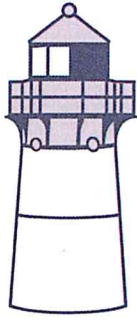
No action is required. This information is presented for the Board's information only.

Attachments

Total Production 2015(Gallons)



GALLONS



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3rd, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

SUBJECT: Rain Report

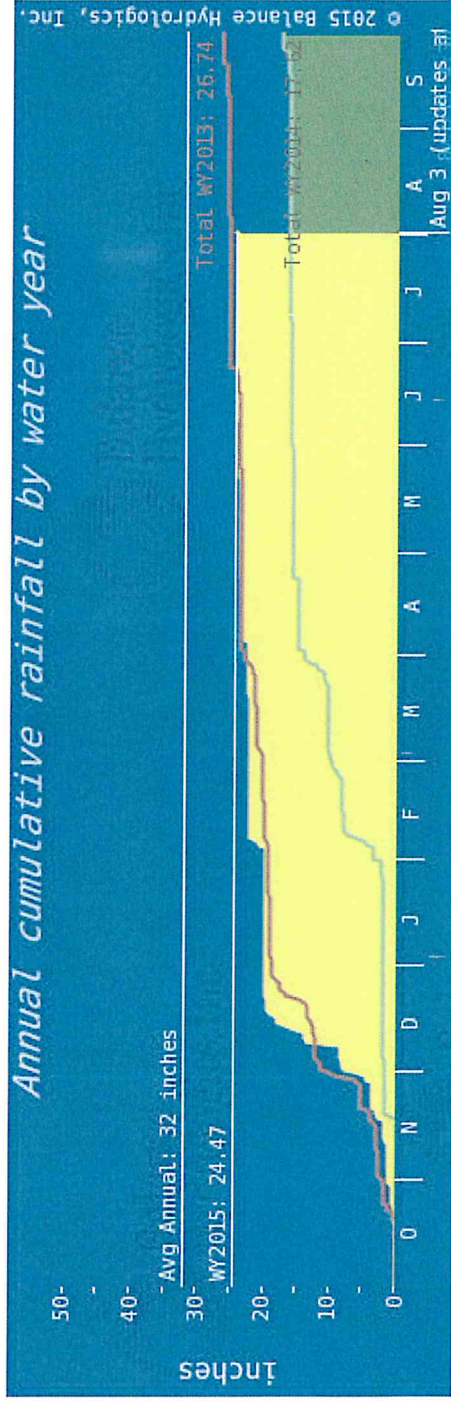
The attached chart shows the monthly rainfall at the Alta Vista Treatment Plant for the current and prior fiscal years along with the seven year average of rainfall.

RECOMMENDATION:

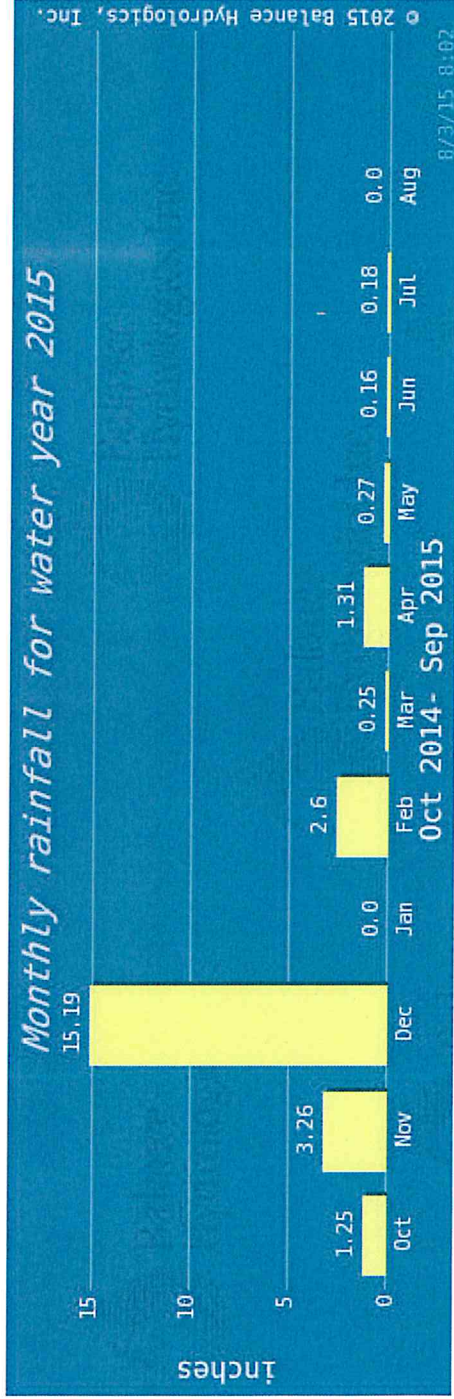
No action is required. This is presented for the Board's information only.

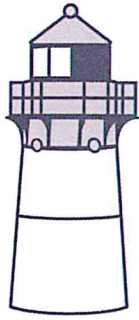
Attachment

Annual Cumulative Rainfall



Monthly Rainfall Report Oct 2014 – Sept 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3rd, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

A handwritten signature in blue ink, appearing to be 'Clemens Heldmaier', written in a cursive style.

SUBJECT: Monthly Solar Energy Report

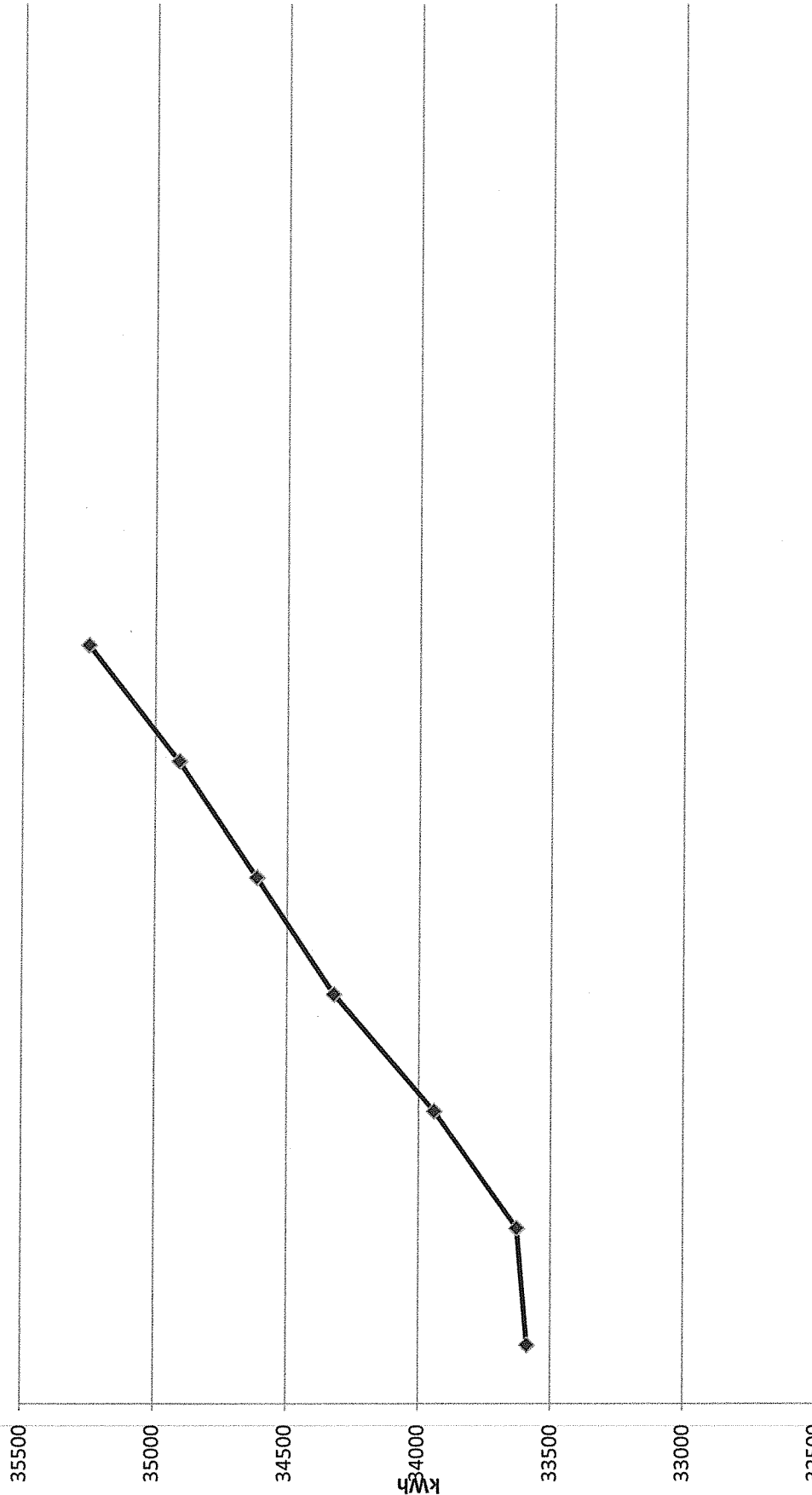
The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 35252 kWh and saved 59929 lbs of CO₂.

RECOMMENDATION:

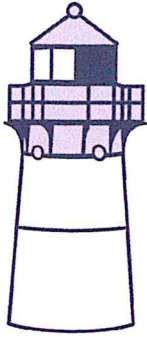
No action is required. This information is presented for the Board's information only.

Attachments

SOLAR ENERGY PRODUCED IN 2015 (kWh)



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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning PARS
Investment Strategy.**

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 bringing three different financing options for selection by the full board. The committee met on July 29, August 5, August 24, and September 2. At the time of preparation of this staff report the finance committee did not agree on a joint recommendation. At the August 6 meeting the Board agreed to choose a default HighMark investment strategy in case the Finance Committee cannot agree.

To address concerns raised, the board authorized the general manager to engage with Bartle Wells on a review of the PARS plan and the preliminary actuarial report. The draft Memorandum from Bartle Wells has been received and been forwarded to the Finance Committee for further input.

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.



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
T: 510-653-3399
www.bartlewells.com

TO: Clemens Heldmaier, Montara Water & Sanitary District

FROM: Alex Handlers, Bartle Wells Associates

RE: Independent Review of PARS Pension Program

DATE: August 31, 2015

PARS Pension Program

The Montara Water & Sanitary District anticipates offering full-time employees a post-retirement defined-benefit pension program administered through Public Agency Retirement Services (PARS). PARS is a private company specializing in retirement services and offers pension plans as an alternative to the California Public Employees' Retirement System (CalPERS). The District opted to participate in PARS because it offers more flexibility than CalPERS. For example, unlike CalPERS, the District can opt to terminate participation in PARS at any time, preventing future potential liabilities from accruing. Concurrently, the District will continue participating in Social Security.

Benefits & Risks

The PARS program provides both benefits and risks to the District. By establishing the PARS program, the District will be able to offer a defined-benefit pension plan to help retain and attract employees. Defined-benefit plans are extremely common in the public sector. With PARS, the District will be able to offer current and prospective employees a benefit package similar to that offered by other regional public agencies that often compete for the same labor force.

At the same time, the District will also take on some long-term financial risks with implementation of a defined-benefit pension program. Mainly, the District will be contractually responsible for funding defined pension benefits to program participants in future years. This could require the District to increase annual funding for the program in future years if the near-term actuarial-estimated annual funding levels prove inadequate to meet longer-term pension obligations. Key factors resulting in increased contribution levels include: a) lower-than-anticipated investment returns, and b) higher-than-anticipated disbursements.

While participation in any defined-benefit program has inherent long-term financial risks, many of the risks have been mitigated by the recent enactment of California's Public Employees' Pension Reform Act (PEPRA) which went into effect on January 1, 2013. PEPRA established a

number of “safeguards” for public agency pensions designed to address shortcomings of prior pension programs and limit future financial liabilities.

Additionally, the District can opt to terminate its participation in PARS at any time. This would not eliminate existing pension liabilities at the time of termination, but would enable the District to stop future additional liabilities from accruing. Upon termination of the PARS plan, annuities would be purchased in an amount adequate to fund final benefit amounts calculated as of the date of plan termination. The annuities would be funded to the extent possible by plan assets. However, it is possible that additional funding could be needed to purchase the annuities, which would result in additional funding requirements of the District.

Actuarial Analysis & Annual Contributions

Under the PARS program, the District and covered employees would each contribute half of an actuarially-estimated amount designed to fund future benefits. A draft analysis provided by Bartel Associates, an actuarial firm independently hired by the District, provided a range of potential liabilities and annual funding requirements under a range of “discount factors”. The actuarial analysis is based on a number of assumptions and actuarial/demographic standards from recent studies of California public sector miscellaneous employees with similar retirement benefits. The analysis assumes that life expectancies will continue to increase in future years.

Based on the draft analysis, PARS’ annual contribution requirement could be in the \$100,000 range with roughly \$50,000 each from the District and covered employees. This equates to a little under 20% of salaries, with the District’s half equal to roughly 10% of the salaries of covered employees.

A revised analysis can be developed with updated assumptions. While no analysis can perfectly predict the future, the actuarial analysis should provide reasonable estimates of the level of funding needed to meet the plan’s future liabilities.

The actuarial analysis is required to be updated once every two years and will provide indication if any future contribution adjustments are needed to adequately fund expected plan payouts. This could result in the need for increased pension contributions from both the District and employees in order to meet long-term projected liabilities.

Program Costs

Additionally, the District will incur various direct and indirect costs related to the PARS program. Direct costs include fees paid by the District. Indirect costs include fees paid from the pension program assets; these costs are essentially funded 50% each from the District and employee.

Table 1 attached shows a 20-year estimate of all costs related to the PARS program. The table assumes selection of HighMark as investment manager and assumes investment in a lower-cost passively managed portfolio consisting primarily of index funds. To be conservative, the table

does not account for any potential benefit payouts, which would reduce the value of assets and corresponding fees. Other assumptions are detailed on the table.

Fees anticipated to be paid directly by the District include:

- **One-time PARS setup fee:** \$3,000
- **Ongoing PARS administration fees:** \$750 per month, or \$9,000 per year, escalating at the annual rate of 3%.
- **Ongoing actuarial valuations:** The District will be required to fund an actuarial valuation of the plan once every two years at an estimated current cost of \$7,500, and may also need to fund a lesser amount estimated at \$1,500 in intervening years. This results in an average cost of \$4,500 per year in current dollars, and would escalate due to inflation.

Fees paid from the District's pension plan assets (indirectly funded 50% from the District and 50% from the pension beneficiary) would be factored into the estimated contribution levels and would include:

- **Trustee fee:** 0.12% of annual contributions (e.g. \$120 per year per \$100,000 of total contributions from the District and employees).
- **Investment management fee:** With HighMark, a partner provider to PARS, fees would equal 0.58% of pension fund assets each year. The fees charged by HighMark do not appear to be out of line with industry standard fees from other investment managers. In the early years, the fees would be low since they would be applied to a relatively low level of assets in the plan. For example, with \$100,000 of total annual contributions, HighMark's annual fee of 0.58% of assets would result in total cumulative estimated fees of less than \$3,000 over the next three years, and roughly \$8,000 over the next five years. Over the longer-term, investment management fees would escalate at the plan's assets increase. For example, the future annual fee would equal \$5,800 for a plan with \$1,000,000 of assets.
- **Embedded fees for different types of investment portfolios:** HighMark has indicated that these additional fees can range from a little below 0.20% to almost 0.75% of assets per year depending on the type of investment fund selected. For example, a passively managed portfolio of index funds could cost 0.20% of assets while an actively managed portfolio of mutual funds could cost over 0.70% of assets.

Under the PARS program, the District has authority to direct how plan assets should be invested, and can opt for a different investment manager. Due to the low cost of using HighMark in the early years (with low levels of plan assets), the District can opt to go with HighMark in the near-term and evaluate alternatives in future years. To evaluate future investment management alternatives, the District should consider retaining a certified investment advisor.

If the District opted for an investment manager other than HighMark, PARS' trustee fees would increase from 0.12% of contributions to 0.05% of plan assets plus \$10 per investment transaction (e.g. purchase or sale of investments). For a plan with \$1,000,000 of assets invested in a mix of five index funds with monthly contributions, the trustee fees would equate to \$500 per year (0.05% of assets) plus transaction costs of \$600 (\$10 x 5 fund purchases x 12 months).

Disclaimer

Bartle Wells Associates is a financial advisor to public agencies, but is not an actuary or an investment advisor. The material presented in this memo is for informational purposes only and represents our understanding of the PARS program and its costs and should not be construed as advice to the District.

Table 1
 Montara Water & Sanitary District
 PARS Cost Estimates

Assumes 20 years of contributions with no benefit payments.

Year	Starting Balance	Annual Contributions		Investment Earnings	Fees Funded from PARS Trust Account			Ending Balance	Fee Paid Directly by District	
		District Escalation	Employee Escalation		Trustee Fees	HighMark Invest Mgmt	Passive Index Fund Fees		PARS Fees	Actuarial Valuations
		3.25%	3.25%	6.0%	0.12%	0.58%	0.20%		3.0%	3.0%
		Escalation	Escalation	Earnings	of Contribution	of Assets	of Assets		Escalation	Escalation
1	-	50,000	50,000	3,000	(120)	(299)	(103)	102,478	(12,000)	(7,500)
2	102,478	51,625	51,625	7,697	(124)	(916)	(316)	212,070	(9,270)	(1,500)
3	212,070	53,303	53,303	14,323	(128)	(1,581)	(545)	330,745	(9,548)	(7,957)
4	330,745	55,035	55,035	21,496	(132)	(2,300)	(793)	459,086	(9,835)	(1,591)
5	459,086	56,824	56,824	29,250	(136)	(3,077)	(1,061)	597,709	(10,130)	(8,441)
6	597,709	58,671	58,671	37,623	(141)	(3,916)	(1,350)	747,266	(10,433)	(1,688)
7	747,266	60,577	60,577	46,653	(145)	(4,821)	(1,662)	908,445	(11,069)	(8,955)
8	908,445	62,546	62,546	56,383	(150)	(5,795)	(1,998)	1,081,977	(11,401)	(1,791)
9	1,081,977	64,579	64,579	66,856	(155)	(6,844)	(2,360)	1,268,631	(11,743)	(9,501)
10	1,268,631	66,678	66,678	78,118	(160)	(7,971)	(2,749)	1,469,225	(12,095)	(1,900)
11	1,469,225	68,845	68,845	90,219	(165)	(9,182)	(3,166)	1,684,619	(12,458)	(2,016)
12	1,684,619	71,082	71,082	103,210	(171)	(10,482)	(3,615)	1,915,726	(12,832)	(2,139)
13	1,915,726	73,392	73,392	117,145	(176)	(11,877)	(4,095)	2,163,507	(13,217)	(2,269)
14	2,163,507	75,778	75,778	132,084	(182)	(13,371)	(4,611)	2,428,983	(13,613)	(2,407)
15	2,428,983	78,240	78,240	148,086	(188)	(14,971)	(5,163)	2,713,228	(14,022)	(2,407)
16	2,713,228	80,783	80,783	165,217	(194)	(16,684)	(5,753)	3,017,380	(14,442)	(2,407)
17	3,017,380	83,409	83,409	183,545	(200)	(18,517)	(6,385)	3,342,640	(14,876)	(2,407)
18	3,342,640	86,119	86,119	203,142	(207)	(20,476)	(7,061)	3,690,278	(15,322)	(2,407)
19	3,690,278	88,918	88,918	224,084	(213)	(22,569)	(7,782)	4,061,634	(15,782)	(2,407)
20	4,061,634	91,808	91,808	246,452	(220)	(24,805)	(8,553)	4,458,124	(15,782)	(2,407)
TOTALS (Gross)										
First 5 Years					(640)	(8,172)	(2,818)		(50,782)	(18,548)
First 10 Years					(1,392)	(37,520)	(12,938)		(106,175)	(48,925)
20 Years					(3,308)	(200,455)	(69,122)		(244,833)	(116,576)
TOTALS (Present Value at 3%)										
First 5 Years					(603)	(7,517)	(2,592)		(48,000)	(17,391)
First 10 Years					(1,213)	(31,156)	(10,744)		(93,000)	(42,063)
20 Years					(2,456)	(134,934)	(46,529)		(183,000)	(85,541)

Clemens

From: Alex Handlers <alex@bartlewells.com>
Sent: Monday, August 31, 2015 6:44 PM
To: Clemens
Subject: RE: Follow up questions, Committee meeting

Hi Clemens,

I spoke with Dennis Yu from PARS and have some answers in red below.

-Alex

From: Clemens [mailto:mwsd@coastside.net]
Sent: Monday, August 31, 2015 4:08 PM
To: Alex Handlers <alex@bartlewells.com>
Subject: FW: Follow up questions, Committee meeting

Hi Alex,

I've gotten some questions from one of the FC members in regards to your memo. Please see below and try to address the questions as best as you can.

Thanks,

Clemens

From: Bill Huber [mailto:wlhuber@gmail.com]
Sent: Monday, August 31, 2015 3:48 PM
To: Clemens <mwsd@coastside.net>; Kathryn Slater-Carter <kathryn.mwsd@gmail.com>
Subject: Follow up questions, Committee meeting

Good afternoon Kathryn and Clemens,

After reading the draft from Bartle Wells, here are the followup questions that I have:

1. Based on preliminary Actuarial Obligations from Bartel(5/01/15 P6) does it indicate that there are funds as projected in Bartel Wells draft Table 1(8/30/15) to make this plan viable without modification? Sort of... the draft actuarial analysis identifies funding requirements targeted to meet future liabilities under a range of discount factors (base on a number of assumptions) with the goal being that the plan is 100% funded to meet all future benefit obligations. The plan may be viable without modification, but is most likely to require bi-annual revisions in contributions (up or down) aimed at achieving 100% funding in the long-run. Our Table 1 was meant to provide an estimate of potential fees and costs related to PARS...it is not an actuarial analysis and instead assumes the current eligible employees continue participating in the program for the next 20 years.

2. If not what is the anticipated shortfall? There is no anticipated shortfall...rather, the annual funding contribution is sized to achieve a 100% funded status over the long run. However, the District has to decide what level of discount rate and contribution level it is comfortable with... with the goal that the contribution levels are adequate to meet projected future payment obligations. The actuarial analysis is updated every two years and may indicate that things are on track or that higher or lower contribution levels would be

needed to get things back on track. That said, it would probably be prudent to set PARS contribution levels on the higher-side based on conservative assumptions regarding plan performance in order to minimize potential for falling behind. The District will essentially be setting course based on a number of assumptions, re-evaluating every two years, and adjusting course as needed with its annual contribution levels.

3. Given our present approved budget, does the draft analysis indicate that we have a reasonable expectation that we can manage this plan to be self sustaining using the management tools available to us (adjusting the discount rate, investment advisor, investment strategy etc.)? I'm not sure this addresses the question, but I believe the plan can be self-sustaining to the degree the District funds its future contribution requirements. The District will need to make a policy decision regarding how much the annual contribution will be (e.g. what discount factor should contributions be based on, after factoring in all the latest assumptions). The discount factor needs to be within a reasonable range and ultimately must be approved by the actuary. This requirement limits agencies from assuming overly high discount factors resulting in chronic underfunding.

I have some other questions that I would like to get some type of confirmation either from Bartle Wells, Bartel and Associates, PARS, or our district's attorney. The are:

1. What are the termination fees to be imposed by PARS {I estimates them to be zero. I could not find any fees documented.} PARS has no termination fees or penalties. The only potential fees would be optional charges if you wanted PARS to continue in some role as program administrator.

2. What are the termination fees to be imposed by High Mark {I estimates them to be zero. I could not find any fees documented.} No termination fees from HighMark... they would liquidate the plan with resulting cash available to be reinvested by the trustee at direction of the District or its new investment manager.

3. Can we legally adjust the discount rate yearly {my perception is that we can} For the most part yes... the District has some discretion regarding selecting the discount rate and can adjust it annually subject to approval by the actuary (to make sure agencies aren't too aggressive in selecting higher-than-supportable discount rates to limit annual contributions). The actuary typically works with the District to make sure the discount rate is appropriate or within a reasonable range. Actuaries have occasionally had to limit the discount rate if an agency wanted to use an overly aggressive discount rate that was not in line with expected investment returns.

4. Can we legally require the employee's contribution to be adjusted to this discount rate. {my perception is that we can. See benefit summary page 2} Dennis Yu from PARS believes that this is correct, but notes that he is not in position to give a legal opinion. Under PEPR, employees are supposed to fund a minimum of 50% of normal cost (annual actuarial contributions)... so if the District reduced the discount rate (within reason) the contribution levels from both District and employee would increase accordingly.

5. Can we legally require the employee's contribution to be adjusted to the adjusted actuarial valuation. {my perception is that we can. See benefit summary page 2} Again, Dennis Yu believes the answer to this question is yes... but notes that he is not in position to give a legal opinion.

6. When the actuarial tables are updated bi-annually, can we make a cash contribution to offset any unfunded liability. {Bill's perception is that we can} Yes... one-time adjustments or true-ups can be made at any time. Alternatively, the District can adjust annual contribution levels to meet updated actuarial calculations over a number of years.

7. When the actuarial tables are updated bi-annually, can we require an employee to make a matching cash contribution to offset any unfunded liability. {My perception is that we CAN'T} There is no authority to require employees to make one-time true-up contributions and this would be highly unusual.

8. What other public agency uses PARS as their main defined benefit administrator? Dennis Yu notes that for privacy purposes, he is not supposed to disclose their clients, however you can see some clients by googling PARS or Public Agency Retirement Systems. In total, he stated they serve roughly 700 clients with about 600 of these agencies located in California. Of these about 15-20 agencies use PARS as their main retirement system for full-time employees. Many more agencies use PARS as their retirement system for part-time employees, and some use PARS for their OPEB or other programs.

9. What pitfalls does Bartle Wells see that we may not have considered. I think the main pitfalls are that a) investment earnings are significantly lower than anticipated, or g) benefit payouts end up being substantially higher... both of which would require higher future contribution levels. PEPRAs has mitigated risks and pension abuses to a large degree, but the District will always face the risk that the future does not conform with current expectations. With the bi-annual actuarial analyses, the District will typically be able to adjust course to meet future liabilities, but there is always the risk of an unforeseen catastrophic event that does not avail itself to a long-term solution.

Clemens, I understand that you can't meet on Wednesday evening.

I suggest that we schedule a finance committee on Wednesday, September 2 at 6pm even though you can't attend.

Thanks

Bill

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



ACKNOWLEDGED AND APPROVED

<u>X</u>	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

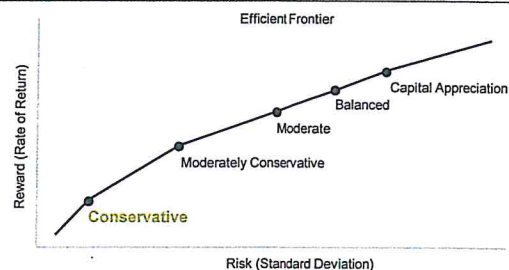
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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



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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)

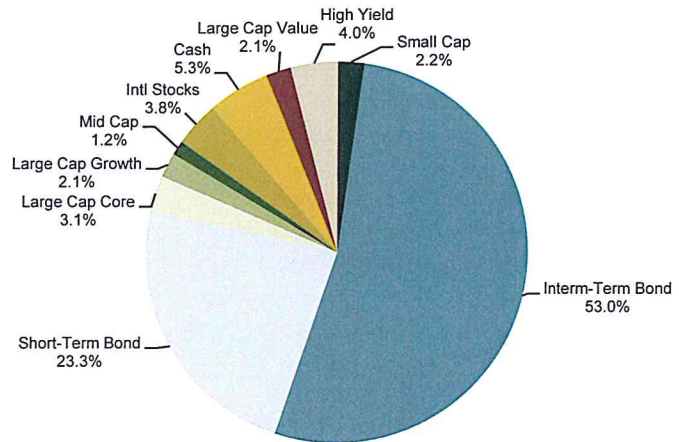
Columbia Contrarian Core Z
T. Rowe Price Growth Stock
Columbia Small Cap Value II Z
T. Rowe Price New Horizons
Nationwide Bailard International Equities
Nationwide HighMark Bond
Vanguard Short-Term Invest-Grade Adm
Loomis Sayles Value Y
PIMCO Total Return
Dodge & Cox International Stock
MFS International 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 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, and 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

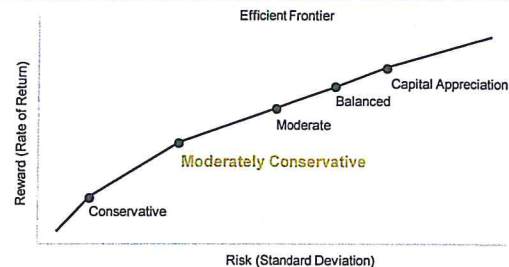
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

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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ABOUT THE ADVISER

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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)

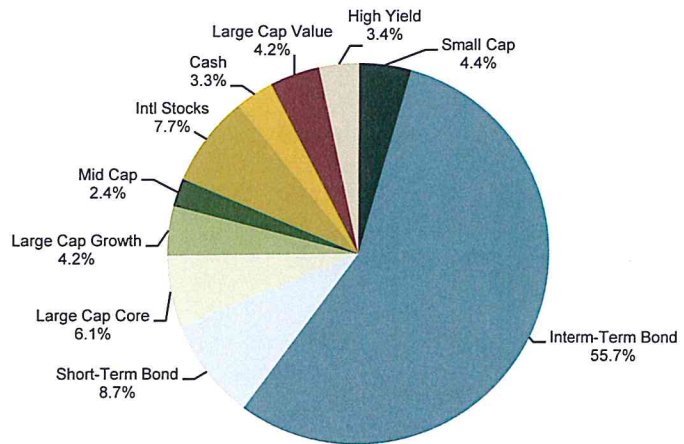
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International 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 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 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 Investment 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

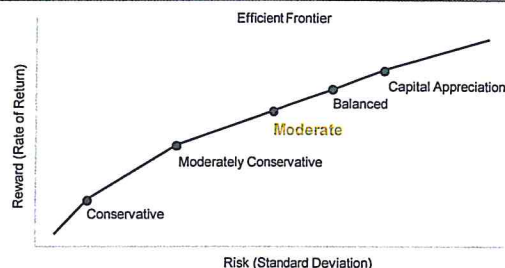
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation 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/Gov't, 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

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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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)

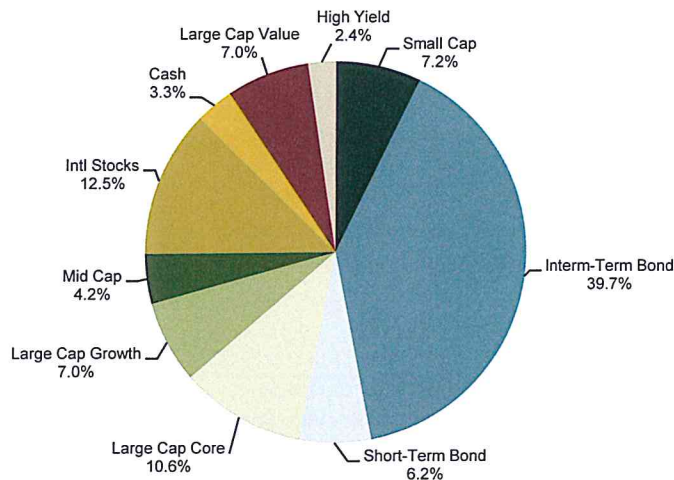
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International 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



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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

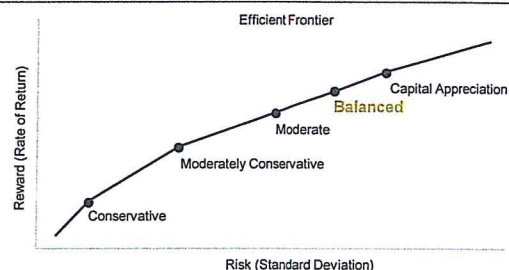
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Risk Management

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/Gov't, 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/Gov, 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

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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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
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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
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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)

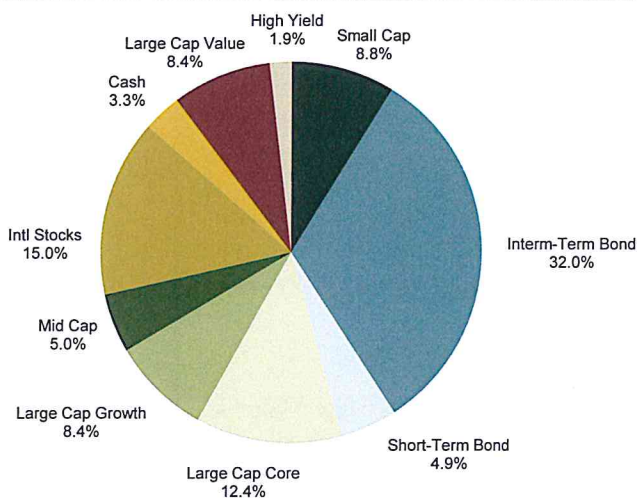
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International 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
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- SPDR Barclays High Yield Bond ETF
- Vanguard FTSE Emerging Markets ETF

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

STYLE



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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

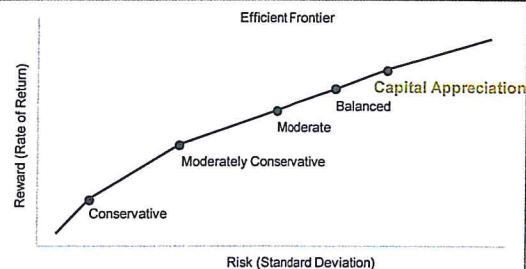
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Risk Management

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

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%

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

ANNUALIZED TOTAL RETURNS

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.



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)

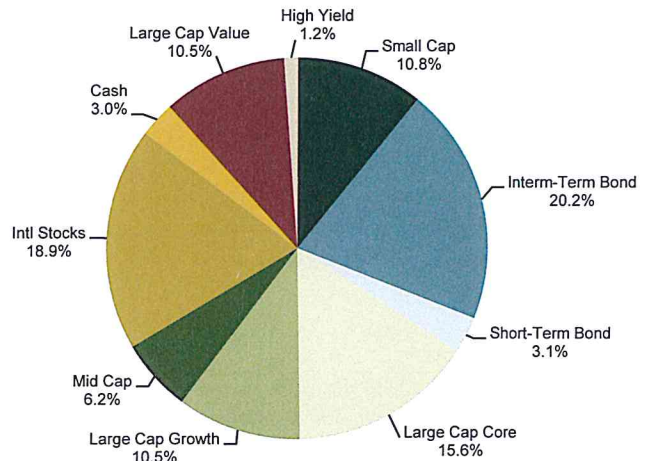
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International 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.

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 0.59%. 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.

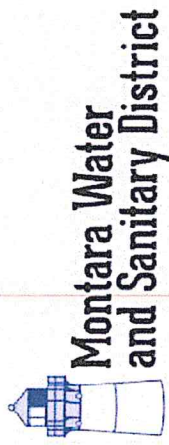
Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot 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.

PARS Defined Benefit Plan/ HighMark Capital Management

Montara Water and Sanitary District

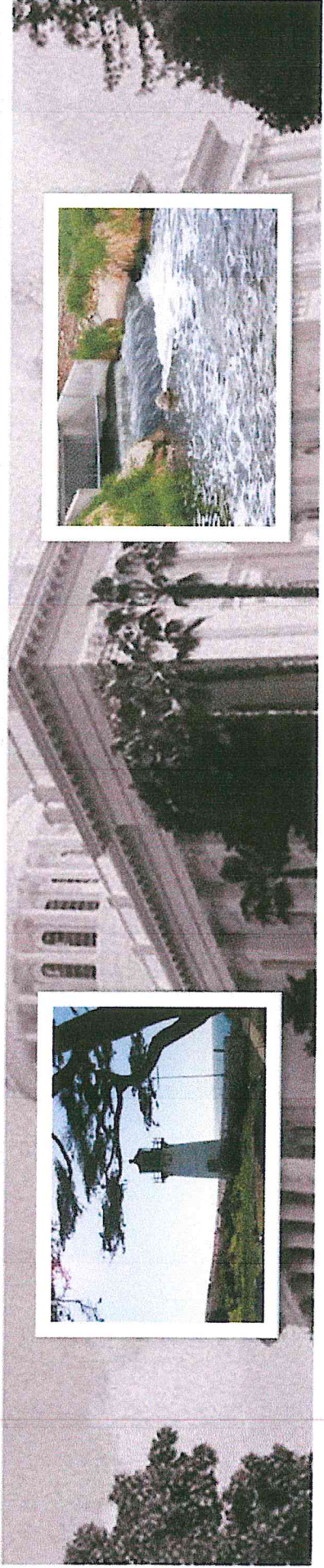
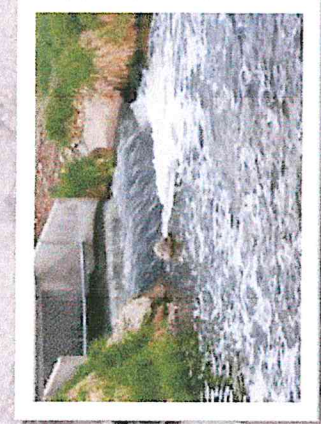
July 27, 2015



PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

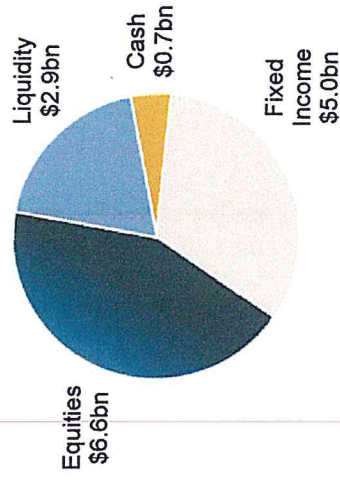
TRUSTED SOLUTIONS. LASTING RESULTS.



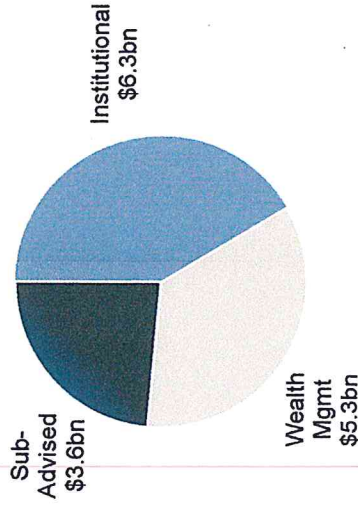
FIRM OVERVIEW

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

Asset Class (\$B)



Client Base (\$B)

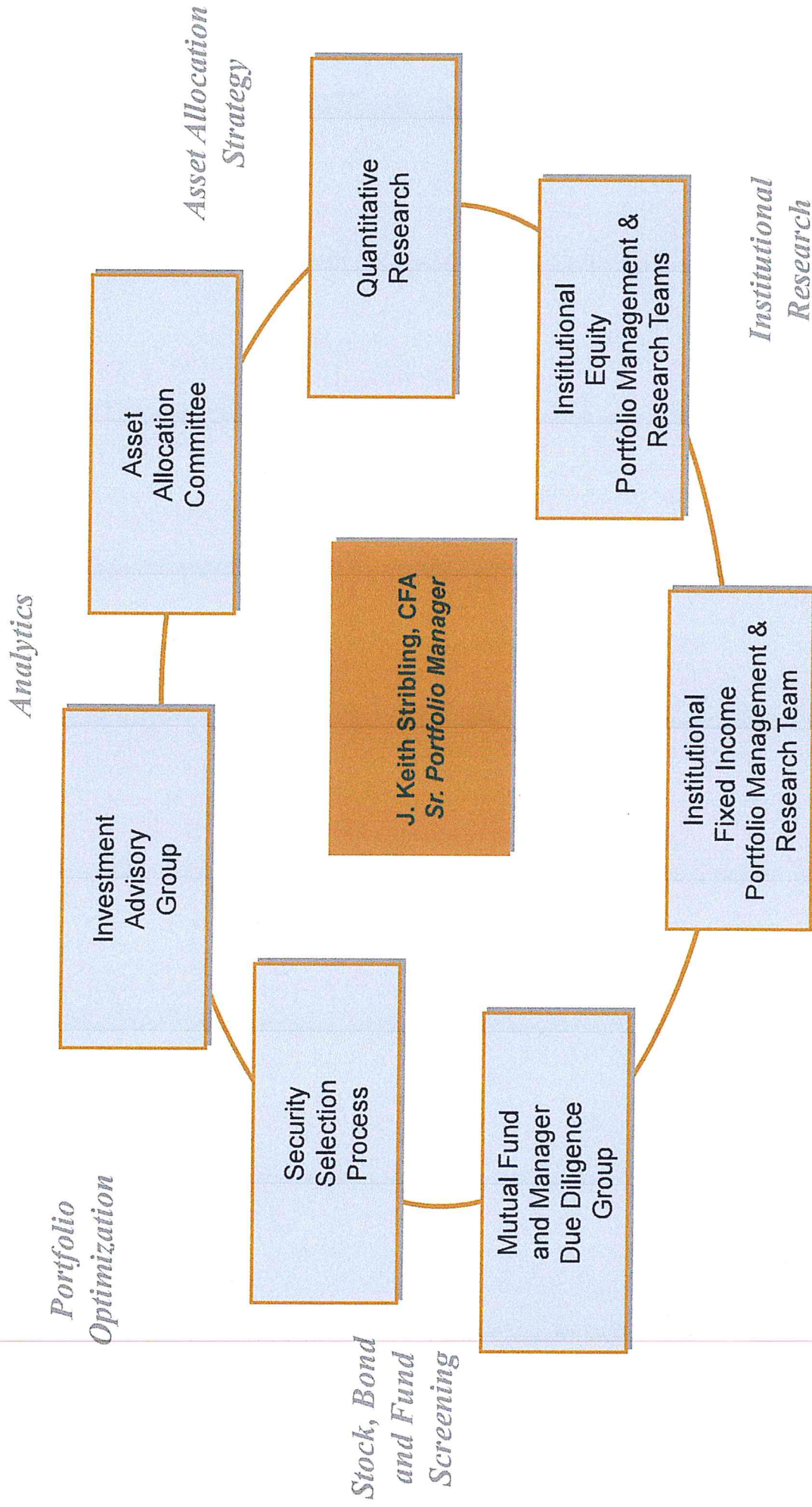


- With its predecessors, HighMark has been focused exclusively on investment management of client's assets since 1919.*
- Registered Investment Adviser with more than \$15.2 billion in assets under management.
- 52 investment professionals with an average of 22 years investment experience.
- 30 professionals 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

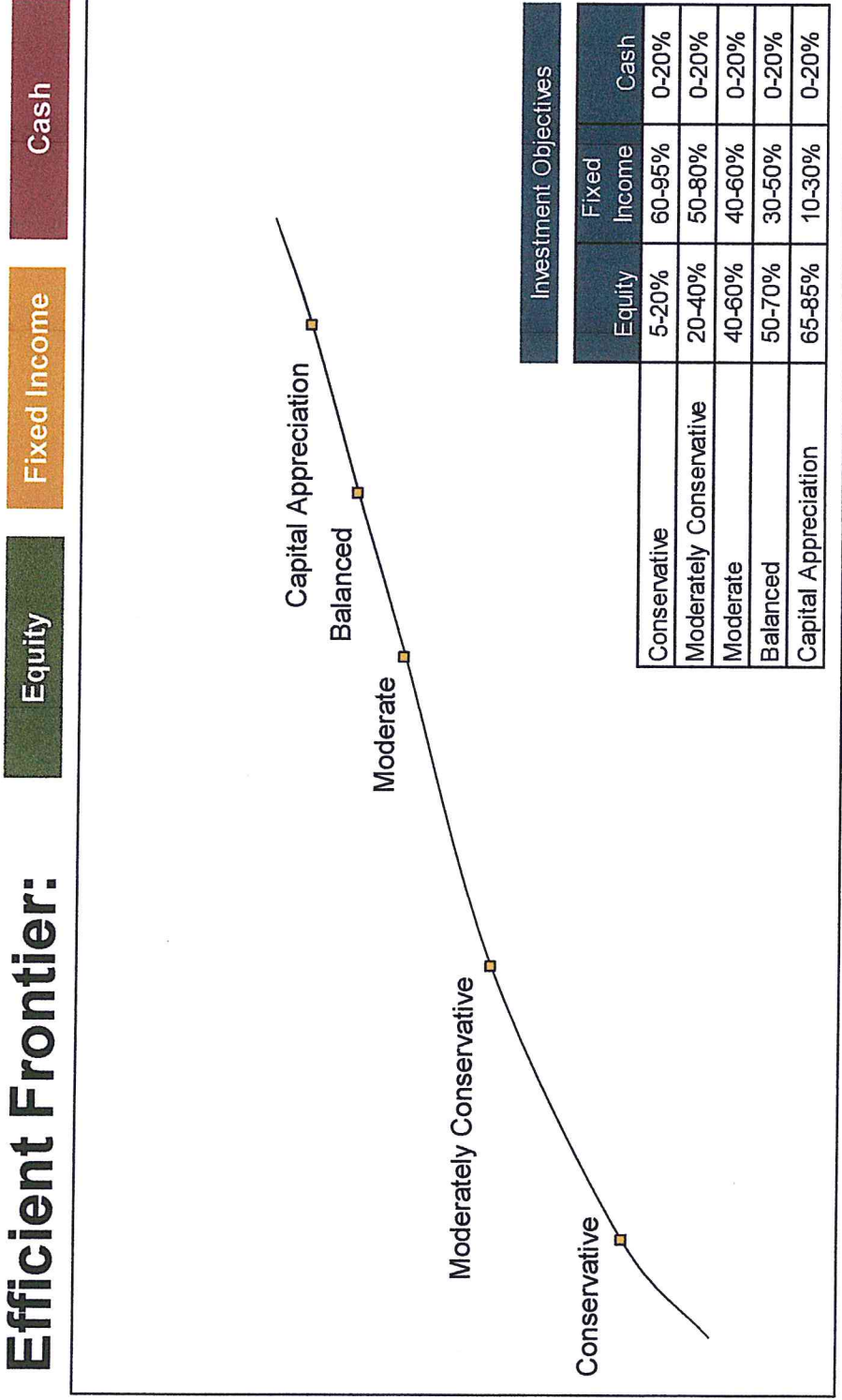
OUR INVESTMENT CAPABILITIES

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.

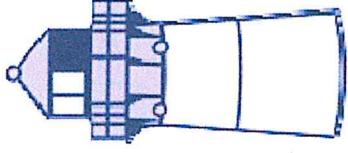
Keith received a BA from Stetson University and is a CFA charterholder.



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
Prepared by*

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

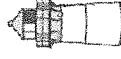
August 4, 2015

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

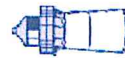
<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Age 62 with 5 years District service
<ul style="list-style-type: none"> ■ Retirement Benefit 	<ul style="list-style-type: none"> ■ 2% x Final Pay x benefit service payable at 62 ■ Final Pay is highest average 36 months limited to PEPRRA 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 PEPRRA 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	
<ul style="list-style-type: none"> ■ Actuarial Cost Method 	<ul style="list-style-type: none"> ■ Entry Age Normal
<ul style="list-style-type: none"> ■ Administrative Expenses 	<ul style="list-style-type: none"> ■ 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)
<ul style="list-style-type: none"> ■ Future New Entrants 	<ul style="list-style-type: none"> ■ Closed group, no new hires
<ul style="list-style-type: none"> ■ Employer Accounting 	<ul style="list-style-type: none"> ■ Governed by GASB Statement 68, first applicable for the District 6/30/16. Accounting results will differ from those in this funding report.

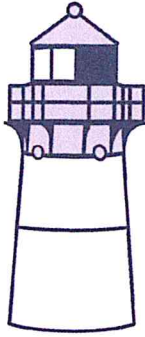


FUNDING RESULTS

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 PEPPRA-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%





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

**SUBJECT: Review and Possible Action Concerning Permit
for NOAA Weather Station on District Property.**

The District was approached by the National Oceanic and Atmospheric Administration (NOAA) with a request to locate a wind sensor on District property. The only wind sensor between San Francisco and Santa Cruz was taken down some years ago and will not be reinstalled. Since then local boaters don't receive accurate wind information.

A small section approx. 10'x10' of the District property west of the existing gun platforms has been identified as ideal location. The location also does not interfere with current MWSD operations. A 30 foot pole is required to mount the wind sensor. To lessen visual impact a white monopole is suggested. NOAA also agreed to upgrade the wind sensor to a full weather station that not only records wind information but also precipitation, temperature and similar. An island solution with small solar panels for power is suggested to keep impact to District property at minimum. Data will be transferred via cellular connection. NOAA will be required to procure all necessary permits before implementation of the weather station.

RECOMMENDATION:

Approve the US Government License For Use of Real Property.

Attachments



Roger Thomas
President

GOLDEN GATE FISHERMEN'S ASSOCIATION

Post Office Box 40
Sausalito, CA 94966

January 30, 2015

Scott Boyd, President
MONTARA WATER & SANITARY DISTRICT
8888 Cabrillo Highway
Montara, CA 94037
Via Email: mwsd@coastside.net

RE: NOAA Wind Reporting Weather Device

Dear President Boyd and Members:

On behalf of Golden Gate Fishermen's Association (GGFA) and our member boats located from Monterey Bay north to San Francisco Bay, we request that you take action in regards to installation of NOAA weather devices that would assure our fleet, the commercial fleet, and many private small boat operators accurate reporting of the wind and weather conditions in the interest of their safety.

Tom Mattusch, a vessel owner in Half Moon Bay and San Mateo County Harbor Commissioner, will be making a presentation to your board, and GGFA supports his efforts and his request.

Thank you for your consideration.

Sincerely,

Roger Thomas, President

cc: Tom Mattusch

Clemens

From: Wayne Bailey - NOAA Federal <wayne.bailey@noaa.gov>
Sent: Monday, January 12, 2015 9:00 AM
To: mwsd@coastside.net
Cc: Robert Benjamin - NOAA Federal
Subject: Example of installed monopole type wind mast

This is an example of an installed monopole type wind mast.

Note that the wind monitor illustrated is of the "ultrasonic" design with no moving parts.

The "ultrasonic" is problematic - birds perch causing bad data - and more susceptible to damage from salt spray. Our proposal is for a conventional wind monitor. A conventional wind monitor has a vane for direction and a



"propeller" style anemometer.

--
Electronic Systems Analyst
WFO Monterey



U.S. GOVERNMENT LICENSE FOR USE OF REAL PROPERTY



DATE OF LICENSE:

LICENSE NO: 15WSR0213N

THIS LICENSE made by Licensee under the authority of 40 U.S.C. § 585, as delegated under 41 C.F.R. §102-73.175, is entered into as of _____, 2015 by and between the MONTARA WATER AND SANITARY DISTRICT, a public entity,

whose address is: P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131

hereinafter called Licensor, and the UNITED STATES OF AMERICA, hereinafter called Licensee
whose address is:

United States Department of Commerce
NOAA Real Property Management Division
Western Regional Center – Building 1
7600 Sand Point Way NE
Seattle, WA 98115

WITNESSETH:

WHEREAS, Licensor owns improved real property located at its above listed address in unincorporated San Mateo County, California, designated by San Mateo County Assessor's Parcel Number 037-310-010 ("Property"), which is used by Licensor for its administrative offices and related purposes in operating its publicly-owned water and wastewater utility systems; and

WHEREAS, Licensee desires to use a portion of the Property for a meteorological monitoring site; and

WHEREAS, Licensor has determined that that portion of the Property hereinafter described is not currently necessary for Licensor's operation of its utility systems and is available for Licensee's use, subject to the terms and conditions hereinafter set forth;

NOW THEREFORE, the parties hereto for the consideration hereinafter described, covenant and agree as follows;

1. **License of Premises.** Licensor hereby permits Licensee to use and occupy a certain portion of the Property consisting of improved ground space of approximately 100 square feet (Latitude: 37.535; Longitude: 122.519167) described in the plat marked **Exhibit "A,"** attached hereto and incorporated herein ("Premises"), for the use hereinafter described.
2. **Term.** The Term of this license is twenty (20) years commencing on _____, 2015 and expiring on _____, 2025.
3. **Notification Prior to Entry.** Licensee agrees to coordinate its entry with Licensor to minimize any impairment of access to the Premises or disruption of Licensor's business on the Premises.
4. **Consideration.** Licensee shall pay Licensor no monetary consideration hereunder in the form of rent.
5. **Termination.** This License is revocable at will by either party by written notice. This License does not constitute a deed, grant of easement, lease, conveyance or transfer of any property interest in or to the Premises or any other portion of Licensor's Property. Upon receipt of notice of termination, Licensee shall remove its Equipment from the Premises within 60-calendar days and restore the Premises to a condition substantially conforming to that existing upon commencement of the License.
6. **Permitted Use.** Licensee may use the Premises only for the installation, construction, maintenance, operation, repair, replacement and upgrade of its Meteorological Monitoring Site and related equipment, cables, accessories and improvements ("Equipment") in accordance with the law. Licensee's Equipment is shown on **Exhibit "B,"** attached hereto and incorporated herein. Subject to Licensor's prior written approval, which will not unreasonably be withheld, conditioned, or delayed, Licensee may take appropriate means to secure and protect its Equipment.

Licensee has the right to repair, modify, supplement, replace, or upgrade its Equipment at any time during the Term with prior written approval from Licensor, which will not unreasonably be withheld, conditioned, or delayed.

7. **Interference.** (a) Based on existing occupancies and uses of the Property as disclosed by Licensor, Licensee represents and warrants that its use of the Premises will not interfere with such occupancies and uses. (b) Licensor covenants and agrees that Licensor will not grant a lease, license or any other right or encumbrance to any third party for the use of the Property that, to Licensor's knowledge, would adversely affect or interfere with the Equipment or Licensee's use of the Premises. (c) Licensor will not use, nor will Licensor permit its employees, lessees, licensees, invitees, or agents to use, any portion of the Property which interferes with the Equipment or Licensee's use of the Premises. (d) Licensee shall conduct all activities permitted hereunder in an efficient and expeditious manner. (e) Licensee's activities shall be conducted so as not to interfere in any manner with Licensor's activities, business and related operations conducted on and within the Property and improvements thereon or thereto.
8. **Access.** Licensor, at no cost to Licensee, shall permit Licensee, its employees, contractors, and subcontractors to have access to the Premises over and across the unoccupied portion of the Property that provides the most direct access to the Premises from a public right-of-way. If such access requires entry through a secured portion of the Property, Licensor shall provide Licensee with at least two keys or the combination or code for any appurtenant security device.
9. **Equipment.** Licensor covenants and agrees that no part of the Equipment or supporting pads constructed, erected, or placed on the Premises by Licensee shall be deemed by Licensor to be, or be considered as being, affixed to or a part of the Property and that title thereto shall remain vested in Licensee as personal property.
10. **Operations, Maintenance and Utilities.** (a) Licensee shall keep and maintain Licensee's Equipment in good condition, reasonable wear and tear and damage from the elements excepted. (b) Licensor makes no representation or warranty as to the condition of the Premises and access thereto, (c) Licensee shall obtain and provide for electrical and such other utility service(s) as Licensee requires for its operations on the Premises at Licensee's own arrangement, cost and expense, outside this License, (d) Licensee shall keep and maintain the Premises in a safe, clean and neat condition and free of all debris, offensive materials or materials that, independently or in conjunction with other materials or conditions, create a nuisance upon or within the Premises or Licensor's Property.
11. **Permits, Entitlements.** Licensee shall, at Licensee's cost and expense, obtain any and all permits, other entitlements, or determinations, if any, necessary or appropriate for the construction, installation and operation of the Equipment and the meteorological site, from regulatory authorities having jurisdiction over such matters.
12. **Taxes and Assessments.** The parties do not anticipate that this License creates a taxable personal or real property interest as to either party. However, if a, or any, taxing authority asserts that such interest is created, Licensee acknowledges that it may be subject to the payment of personal property tax, real property tax, franchise fee, franchise tax, business fee, business tax or any other tax or fee which is directly or indirectly attributable to this permit or the presence or installation of the Equipment; provided, that nothing herein contained shall be deemed to preclude Licensee's right to contest the assertion of any such obligation
13. **Hazardous Materials.** Licensee shall not use, generate, store or dispose of any Hazardous Material on, under, over, about or within the Premises in violation of any law or regulation. Any spill or release of a hazardous material to the air, soil, surface water, or groundwater will be immediately reported to the Licensor as well as to appropriate government agencies, and shall be promptly and fully cleaned up and the Premises (including soils and surface water and groundwater) restored to its original condition, reasonable wear and tear excepted. As used in this Paragraph, "Hazardous Material" shall mean petroleum or any petroleum product, asbestos, any substance known by the State of California to cause cancer and/or reproductive toxicity, and/or any substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. The provisions of this Paragraph shall survive the expiration of the Term or termination of this License.
14. **Release.** Licensee hereby acknowledges that Licensor's Property is used for conducting the business and operation of its publicly owned water and sewerage systems and that portions of the Property within which the Premises is located are unimproved, may contain vehicles, machines, equipment, materials and supplies used by Licensor for conducting the business and operation of those systems and that such operation is of an industrial or commercial nature involving risks of personal injury and property damage. Licensee further acknowledges that it is familiar with Licensor's operations and the Property, and that Licensee has inspected the Premises.
15. **Authority To License.** Licensor covenants that Licensor's interest in the Property is sufficient to enter into this License, and that Licensee may reasonably request evidence of said interest.
16. **Successors Bound.** This License shall bind, and inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns.

17. **Claims.** Licensee is self-insured. It agrees to promptly consider and adjudicate any and all claims which may arise out of use of the Premises by Licensee or its duly authorized representatives or contractors of Licensee and to pay for any damage or injury as may be required by Federal law. Such adjudication will be pursued under the Federal Tort Claims Act, 28 U.S.C. 2671 et seq. or other such legal authority as may be pertinent. Licensee also agrees to consider and adjudicate any claims for damage or injury sustained by Government personnel in the performance of their official duties while on the Premises. Such adjudication will be made pursuant to the Federal Employees' Compensation Act, 5 U.S.C. 8101 et seq., or other such legal authority as may be pertinent.

18. **Correspondence, Notices.**

Correspondence or notices to Licensor shall be sent to:

Montara Water and Sanitary District
P.O. Box 370131
8888 Cabrillo Highway
Montara, CA 94037-0131
Attn.: General Manager

Phone: (650) 728-3545
Facsimile: (650) 728-8556
E-mail: mwsd@coastside.net

Correspondence or notices to Licensee shall be sent to:

United States Department of Commerce
NOAA Real Property Management Division
Western Regional Center – Building 1
7600 Sand Point Way NE
Seattle, WA 98115

Phone: (206) 526-6422
Facsimile: (206) 527-7757
E-mail: david.g.goss@noaa.gov

19. **Abandonment.** In the event that Licensee fails to use the Premises for the use permitted hereunder, or otherwise shall fail to exercise its privileges hereunder, or shall fail to comply with any of the conditions herein contained, or in the event that this License shall be revoked, then all privileges of Licensee hereunder shall forthwith cease and terminate.

20. **Non-Assignable.** Notwithstanding the provisions of Paragraph 16 (Successors Bound), this License and the privileges granted to Licensee hereunder shall not be assigned by Licensee.

21. **Exhibits and Attachments.** The following are attached and made a part hereof:

- A. Description of Premises (1 Page)
- B. Description of Licensee's Equipment (1 Page)

22. **Changes.** The following changes were made in this license prior to its execution:
None.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

MONTARA WATER AND SANITARY DISTRICT, a public entity,
LICENSOR:

By _____ Title: General Manager

Signature

COUNTERSIGNED:

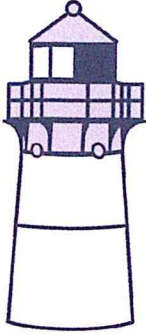
By _____ Title: District Secretary
Signature

**UNITED STATES OF AMERICA,
LICENSEE**

By _____
Department of Commerce
Real Property Contracting Officer

Name of Contracting Officer





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

**SUBJECT: Review and Possible Action Concerning
Association of California Water Agencies
Committee Appointment Nominations.**

The Association of California Water Agencies (ACWA) asks for committee appointment nominations for the 2014-2015 Term. In the past year Director Ptacek served on the Groundwater Committee, Legal Counsel Schricker served on the Legal Affairs Committee and General Manger Heldmaier served on the Groundwater Committee and Director Boyd served on the Water Management Committee.

RECOMMENDATION:

Discuss next year's ACWA Committee involvement, authorize, and direct the General Manager to submit the recommendation to ACWA.

Attachment



Association of California Water Agencies

Leadership Advocacy Information Since 1910



MEMORANDUM

August 3, 2015

**TO: ACWA MEMBER AGENCY BOARD PRESIDENTS
ACWA MEMBER AGENCY GENERAL MANAGERS**

FROM: JOHN COLEMAN, ACWA PRESIDENT

**SUBJECT: ACWA COMMITTEE APPOINTMENT NOMINATIONS
FOR THE 2016-2017 TERM**

PLEASE RESPOND BY SEPTEMBER 30, 2015

Committees are an integral part of ACWA's activities and policy development. The end of the current committee term is fast approaching and it is time again to request committee nominations from ACWA members. New officers (President/Vice President) will be elected at the fall conference by the general membership, so it is time to prepare to reconstitute all committees for the 2016-2017 term.

In submitting names for consideration, please do so with the understanding that committees need active, involved individuals able to expend the time and provide their expertise if appointed. **Please keep in mind that the district is responsible for all costs associated with the participation of its representatives on committees.**

An important part of helping committees function as effectively as possible is attendance. ACWA's bylaws state, "Two consecutive, unexcused absences from an ACWA **limited** committee shall constitute a resignation and a replacement will be named as soon as possible." Also, those with a record of repeated, excused absences will be reviewed and considered for replacement.

The following information is enclosed in this packet.

- ACWA Policy Committee Guidelines
- ACWA Committee Purposes and Responsibilities
- Committee attendance records (only for limited committees)
- Committee consideration form (before you begin, please make extra copies)
- *Sample* committee consideration form

Committee Appointments

Page 2

- Current agency committee representation (if you receive a blank report, this indicates your agency has no committee representation)
- Committee timeline

All correspondence and forms regarding committee appointments must be in to the ACWA office no later than **September 30, 2015** to be eligible for consideration. Committee appointments will be made by the incoming ACWA president in Decmeber. Please contact Paula Quinn at (916) 441-4545 or paulaq@acwa.com, if you have any questions concerning the committee appointment process.

We appreciate your timely attention to this matter.

Enclosures

JC:pq

ACWA POLICY COMMITTEE GUIDELINES

GENERAL COMMITTEES

1. All committees of the Association shall strive to provide continuity in leadership, shall geographically distribute membership and shall ensure all regions are adequately represented.
2. All committee chairs, vice chairs, and members shall be appointed by the president, and shall serve for a term to coincide with that of the president.
3. Nominations for committee appointments shall be made in writing by members for consideration by the region chair and vice chair. If an agency chooses to designate a representative other than a director or salaried staff member, written confirmation to that effect must be received in the ACWA office prior to appointment consideration. Nomination forms (aka Committee Consideration Form) can be obtained from the Association office or on-line at www.acwa.com.
 - a. Where membership on a given ACWA committee is limited, only one representative from an agency may be appointed. Since we do not count the chairperson in the maximum count, then one person could be on the committee that is from the same agency as the chairperson. Other individuals representing an agency may serve on subcommittees of that committee.
 - b. Unlimited committees may have more than one representative from an agency on their committees.
4. The committee chairperson shall:
 - a. chair all meetings of the committee;
 - b. submit a written report regarding committee activities for all meetings of the Board of Directors (with assistance from the ACWA staff committee liaison).
 - c. pre-schedule meetings and check the ACWA calendar to foster total committee member attendance and avoid conflicts.

The vice chairperson shall assume those duties in the chairperson's absence.
5. All committee appointments are made by the ACWA president following recommendations submitted by the region chairs and vice chairs. The appointments are for two years and run simultaneously with the board term. Committee chairpersons may appoint subcommittees as necessary to carry out the committee responsibilities. The subchair must be a member of the full committee, subcommittee members do not need to be a member of the full committee.

ACWA COMMITTEES

PURPOSES AND RESPONSIBILITIES

IMPORTANT COMMITTEE INFORMATION

ATTENDANCE REQUIREMENTS FOR LIMITED COMMITTEES:

Two consecutive, unexcused absences from an ACWA limited committee shall constitute a resignation and a replacement will be named as soon as possible. Travel required to any area of the state where a committee meeting is being held, and lack of a travel budget will not constitute an excused absence.

****NOTE:** When a committee member is “unable” to attend a meeting and has asked for an excused absence in advance of the meeting, they may send a representative from their agency for monitoring purposes only. However, the committee member will still be recorded with an excused absence from the meeting. The representative does not have a voting right.**

STATE LEGISLATIVE COMMITTEE ONLY: The State Legislative Committee will allow a member of the committee with an excused absence to designate an alternate. The committee member will be required to secure the concurrence of the appropriate ACWA Region Chair for the alternate. The committee member should provide the name of the alternate to ACWA's Director of State Relations prior to the committee meeting. The alternate will be authorized to fully participate in all discussions of the committee and to vote on issues before the committee. Committee members, including alternates, act on behalf of the region for which they were appointed to represent.

GRASSROOTS OUTREACH:

As a member of the committee, you will be enrolled as an active participant in ACWA's Grassroots Outreach Program. See ACWA's website for more information on the grassroots outreach program which supports ACWA's legislative and regulatory efforts.

COMMITTEE VACANCIES WILL NOT BE FILLED AFTER THE SPRING CONFERENCE OF AN UPCOMING ELECTION YEAR.

BLUE INDICATES BYLAW COMMITTEE LANGUAGE.

BUSINESS DEVELOPMENT COMMITTEE-STANDING/UNLIMITED

ACWA COMMITTEE STAFF LIAISON: PAULA CURRIE

MEETINGS ARE HELD 2 TIMES A YEAR

- One in person or conference call

The purpose of the ACWA Business Development Committee is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to Association members. The committee shall consist of at least one representative from each region and one representative from the other standing committees.

COMMUNICATIONS COMMITTEE - STANDING/LIMITED (40 MAXIMUM)

ACWA COMMITTEE STAFF LIAISON: LISA LIEN-MAGER

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both the Fall and Spring conferences
- Two at the Sacramento office between conferences

The purpose of the ACWA Communications Committee is to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association. Programs are crafted to support ACWA and its members' positions on legislative, regulatory, and policy issues.

The committee is responsible for developing and updating a comprehensive communications plan for ACWA. The committee promotes the development and implementation of sound public information and education programs and practices among member agencies. It prepares materials that can be duplicated or used by member agencies for their local public information/education efforts. The committee also provides guidance to ACWA's Communications Department.

ENERGY COMMITTEE – STANDING/UNLIMITED

ACWA COMMITTEE STAFF LIAISON: ABBY SCHNEIDER

MEETINGS ARE HELD 2 TIMES A YEAR

- One at both the Fall and Spring conferences

The purpose of the Energy Committee is to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. Work with staff in developing and making recommendations to the Board of Directors regarding:

- ♦ Programs to assure an adequate power supply for member agencies, including energy, availability, pricing, distribution and hydro generation
- ♦ Policy recommendations relating to the development of new power

sources

- ◆ Recommended positions regarding state and federal legislation to the State Legislative and Federal Affairs Committees
- ◆ Assistance with the development, direction and work associated with representation before the Public Utilities Commission, the Federal Energy Regulatory Commission and other regulatory agencies dealing with energy
- ◆ Educate members on all energy matters having impact on their operations

FEDERAL AFFAIRS COMMITTEE - *STANDING/LIMITED* (5 PER REGION)

ACWA COMMITTEE STAFF LIAISON: DAVID REYNOLDS

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both the Fall and Spring conferences
- Two between conferences (Jan & Sept) in the Sacramento office
- DC Conference ~ Attendance is not REQUIRED, but STRONGLY encouraged

The purpose of the Federal Affairs Committee is to review all federal legislative proposals and regulatory proposals affecting members of the Association, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one and no more than five individuals from each region. Coordinates with other ACWA committees regarding their input on any issues directly related to federal issues before both Congress and the Federal administrative branches.

The committee currently has four separate subcommittees. Committee members have the opportunity to sign-up for as many of the subcommittees as they want, plus being supplemented by other members with interest in a focused area. The subcommittees with areas of responsibility are:

- ◆ Drinking Water & Energy Subcommittee: Responsible for the oversight and policy direction on Environmental Protection Agency and Energy-Water Nexus.
- ◆ Water Supply Subcommittee: Responsible for oversight and policy direction on the Safe Drinking Water Act and Endangered Species Act.
- ◆ Infrastructure & Agriculture Subcommittee: Responsible for oversight and policy direction on the Clean Water Act, and agricultural issues.
- ◆ Finance, Technology & Research Subcommittee: Responsible for oversight and policy direction on financing water infrastructure legislation.

FINANCE COMMITTEE - *STANDING/LIMITED (2 PER REGION – 1 SPOT IS FILLED BY REGION CHAIR OR VICE CHAIR; OTHER SPOT IS FILLED BY A REPRESENTATIVE FROM REGION WITH EXPERIENCE IN FINANCIAL MATTERS)*

ACWA COMMITTEE STAFF LIAISON: FILI GONZALEZ

MEETINGS ARE HELD APPROXIMATELY 4-5 TIMES A YEAR

- One at both the Fall and Spring conferences
- All other meetings are held in the Sacramento office

The purpose of the Finance Committee is to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. Makes recommendations to the Board of Directors regarding annual budgets, investment strategies, annual audits and the selection of the auditor, the dues formula and schedules and other financial matters that may come before the committee. Each committee member will be expected to serve on at least one of the subcommittees, which are:

- ◆ Audit Subcommittee
- ◆ Budget Subcommittee
- ◆ Investment Subcommittee
- ◆ Revenue Subcommittee
- ◆ Education Subcommittee

GROUNDWATER COMMITTEE - *STANDING/UNLIMITED*

ACWA COMMITTEE STAFF LIAISON: DAVE BOLLAND

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both the Fall and Spring conferences
- One in Northern California between conferences
- One in Southern California between conferences

The purpose of the Groundwater Committee is to recommend policies and programs to the Board of Director and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. Monitors state and federal regulations and legislation that could affect the quality or quantity of groundwater, conducts studies, develops policies regarding the management of groundwater and coordinates with other ACWA committees on issues directly related to groundwater.

Committee members are expected to participate in a variety of activities including writing legislation, preparing comments for state or federal hearings on groundwater issues, developing programs for workshops and conferences, and providing input on state and federal legislation.

LEGAL AFFAIRS COMMITTEE - *STANDING/LIMITED* (45 MAXIMUM)

ACWA COMMITTEE STAFF LIAISON: WHITNIE WILEY

MEETINGS ARE HELD APPROXIMATELY 2-3 TIMES A YEAR

- One at both the Fall and Spring conferences
- As needed in between the conferences

The purpose of the Legal Affairs Committee is to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members of the Association, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to members of the Association and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between 35 and 45 attorneys, each of whom shall be, or act as, counsel for a member of the Association, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statues, etc. The committee's primary purpose is to support the mission of the Association, and more particularly, to deal with requests for assistance involving legal matters of significance to ACWA member agencies, water rights matters, proposed ACWA bylaw revisions, etc. The committee also works with staff to produce publications to assist water agency officials in complying with applicable state and federal laws. The committee's areas of responsibility include:

- ◆ Amicus curia filings on important cases
- ◆ Commenting on proposed regulations and guidelines of state agencies such as Fair Political Practices Commission regulations or opinions and CEQA implementation guidelines
- ◆ Entering a suit as primary litigant
- ◆ Dealing with any water rights matters of interest to member agencies
- ◆ Reviewing all proposed ACWA bylaws for technical competence and consistency with the nonprofit corporation law and other bylaws

LOCAL GOVERNMENT COMMITTEE - *STANDING/LIMITED* (3 PER REGION)

ACWA COMMITTEE STAFF LIAISON: WENDY RIDDERBUSCH

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both the Fall and Spring conferences
- Two in between the conferences in the Sacramento office

The purpose of the Local Government Committee is to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California.

- ◆ Recommends policies to the State Legislative Committee and the Board of Directors on matters affecting water agencies as a segment of local government in California, such as planning issues and local government organization and finance
- ◆ Plans and presents a program at each ACWA conference relating to local governance issues affecting water agencies
- ◆ Gathers data and disseminates information on the value of special districts
- ◆ Disseminates information promoting excellence in service delivery
- ◆ As a member of the committee, you will be enrolled as an active participant in ACWA's Outreach Program.

MEMBERSHIP COMMITTEE - *STANDING/UNLIMITED*

ACWA COMMITTEE STAFF LIAISON: TIFFANY GIAMMONA

MEETINGS ARE HELD 2 TIMES A YEAR

- One at both the Fall and Spring conferences

The purpose of the Membership Committee is to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. Takes any suggestions regarding ACWA policy to the ACWA Board of Directors for approval, meets to review and make recommendations regarding membership eligibility and all membership applications; assists the staff with the development of recruitment and retention programs and reviews and makes recommendations regarding an equitable dues structure to the ACWA Finance Committee.

STATE LEGISLATIVE COMMITTEE - *STANDING/LIMITED* (4 PER REGION)

ACWA STAFF LIAISON: WENDY RIDDERBUSCH

MEETINGS ARE HELD APPROXIMATELY 10-12 TIMES A YEAR

- Every three weeks during Session in the Sacramento Office
- One planning meeting at the end of the year in the Sacramento Office

The purpose of the State Legislative Committee is to review all state legislative proposals affecting members of the Association and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for members of the Association; and assist in the establishment of the Association's legislative program. Sets state legislative policy for the Associations. Committee members are responsible for reading relevant legislation, developing positions, working with staff to draft appropriate amendments to bills, providing input to the ACWA Board of Directors, and directing ACWA legislative staff on legislative matters.

WATER MANAGEMENT COMMITTEE - *STANDING/LIMITED* (4 PER REGION)

ACWA COMMITTEE STAFF LIAISON: DAVE BOLLAND

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both the Fall and Spring conferences
- Two between conferences in the Sacramento office

The purpose of the Water Management Committee is to recommend policy and programs to the Board of Directors on any area of concern in water management. Work with staff in developing and making recommendations to the Board of Directors regarding policy and programs on significant areas of concern in water management, review and recommend positions regarding legislation and regulations as requested by other committees.

The committee is also responsible for the gathering and dissemination of information regarding management of agricultural and domestic water, conjunctive use, water management and conservation activities, development and use of water resources, and wastewater treatment and its reclamation and reuse.

WATER QUALITY COMMITTEE - *STANDING/UNLIMITED*

ACWA COMMITTEE STAFF LIAISON: ADAM WALUKIEWICZ

MEETINGS ARE HELD 4 TIMES A YEAR

- One at both Fall and Spring conferences
- One in Northern California between conferences
- One in Southern California between conferences

Meeting time is allocated among three subcommittees: Aquatic Resources, Clean Water and Safe Drinking Water.

The purpose of the Water Quality Committee is to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested members of the Association to join together to develop and coordinate with other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. This committee was established to recommend policy and programs to the Board of Directors, State Legislative Committee and/or Federal Affairs Committee; promote cost effective state and federal water quality regulations affecting both agricultural and domestic water agencies; and provide a means for members to work together to develop and present unified comments on water quality regulations, as well as to coordinate with other organizations. The ACWA bylaws provide authority to the committee to develop and recommend ACWA positions and testimony on water quality regulatory issues.

Revised: June 2015



Association of California Water Agencies

Since 1910

Leadership • Advocacy • Information • Service

COMMITTEE CONSIDERATION FORM ASSOCIATION OF CALIFORNIA WATER AGENCIES

910 K Street, Suite 100
Sacramento, California 95814-3577
(916) 441-4545 Fax (916) 325-4856

NAME, TITLE & EMAIL ADDRESS	COMMITTEE	Rank*
Please print legibly		

*Rank
 1=1st choice
 2=2nd choice
 3=3rd choice

QUESTIONS? Please call Paula Quinn at ACWA (916) 441-4545.

RECOMMENDATION SUBMITTED BY:

Official District/Company Name _____

PLEASE WRITE IN YOUR DISTRICT/COMPANY'S OFFICIAL NAME. PLEASE DO NOT USE ACRONYMS OR ABBREVIATIONS.

Official District/Company Address: _____

Phone _____

SIGNATURE: _____ Title _____

Either the Agency/District General manager or Board President must sign this form.



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910 K Street, Suite 100
Sacramento, California 95814-3577
(916) 441-4545 Fax (916) 325-4856

QUESTIONS? Please call Paula Quinn at ACWA (916) 441-4545 or email at paulaq@acwa.com.

NAME, TITLE & EMAIL ADDRESS <small>Please print legibly</small>	COMMITTEE	Rank*
John Doe, General Manager, JohnDoe@xyz.com	Federal Affairs Committee	1
John Doe, General Manager, JohnDoe@xyz.com	State Legislative Committee	2
Barbara Smith, Attorney, BSmith@abc.net	Legal Affairs Committee	1
T.O. Goode, Chief Engineer, TOG@sbcglobal.net	Water Management Committee	1

*Rank
1= 1st choice
2= 2nd choice
3= 3rd choice

FORM MUST BE COMPLETE TO BE PROCESSED.

RECOMMENDATION SUBMITTED BY:

OFFICIAL District/Company Name _____

PLEASE WRITE IN YOUR DISTRICT/COMPANY'S OFFICIAL NAME. PLEASE DO NOT USE ACRONYMS OR ABBREVIATIONS.

OFFICIAL District/Company Address _____

Phone _____

SIGNATURE: _____ Title _____

Either the Agency/District General manager or Board President must sign this form.

Montara Water & Sanitary District

Montara Water & Sanitary District

2014-2015 ACWA - Water Management Committee

Scott Boyd

Montara Water & Sanitary District

2014-2015 ACWA - Groundwater Committee

Clemens Heldmaier

Montara Water & Sanitary District

2014-2015 ACWA - Legal Affairs Committee

David Schircker

ACWA 2016-2017 COMMITTEE APPOINTMENT PROCESS TIMELINE

2015

August 3rd	Committee Appointment Packets are sent to all Agency general managers, board presidents & Friends of ACWA contacts The packet contains: List of all agency staff, directors, associate/affiliate members currently serving on ACWA committees. Committee guidelines, purposes and responsibilities. Committee consideration form and sample for the 2016-2017 term. Attendance records for limited committees 2016-2017 Committee consideration process and timeline outline.
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August 7th	Letters are sent to all current committee members notifying them of the process for reappointment to ACWA committees. IMPORTANT NOTE: All current committee members must stand again for reappointment by completing and submitting to ACWA a committee consideration form.
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September 30th	DEADLINE: ALL committee consideration forms must be submitted to ACWA. Any consideration forms submitted after this date will be added to the waiting list after ACWA's President has made his/her committee selections.
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October	Committee considerations are compiled and organized for recommendations by the new region chairs. Copy to region chairs and staff liaisons.
----------------	---

October 28th	Hold meeting with newly elected region chairs/vice chairs for 2016-2017 committee recommendations.
---------------------	--

November 19th	DEADLINE: The incoming region chairs/vice chairs will make their recommendations for committee appointments. They will meet with the outgoing and incoming region chairs/vice chairs for training, input and continuity of the committee process.
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November 19-25	Region recommendations are compiled and organized for the new ACWA President.
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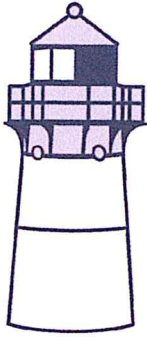
December 3rd	Region committee recommendations are submitted to the incoming ACWA President and Vice President for their consideration.
---------------------	---

December 11th	DEADLINE: for the ACWA President to complete committee appointments.
----------------------	---

December 31st	ACWA sends official appointment letters to new committee members who will serve for the 2016-2017 term. Letters will also be sent to those not appointed to committees.
----------------------	---

2016

1st/2nd Wk of January	Executive Assistant/Clerk of the Board holds a conference call to ratify the chair/vice chair appointments. ACWA sends letters to those not receiving an appointment to ACWA committees and places those individuals on a waiting list for possible future appointment as vacancies occur.
-----------------------	--



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **September 3, 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: Review and Possible Action Concerning
Adoption of Connection Charge Report**

Senate Bill 1760 revised a section of the Government Code concerning development fees and charges in 1999. It requires local governments to make available to the public information about capacity charges, what they are used for and whether or not any are available for refund. It provides that any water or sewer connection charges shall not exceed the estimated reasonable cost of providing the service for which the charge is imposed. The attached Annual Connection Charge Report provides a summary of the connection charge revenue received for previous fiscal years through FY 2014-15, and indicates how that money is allocated.

RECOMMENDATION:

Authorize the filing of the Annual Connection Report with the District Clerk.

Attachment

ANNUAL SEWER CONNECTION CHARGE REPORT
Montara Water and Sanitary District
June 30, 2015

The District, in compliance with Section 66013 of the Government Code in reviewing the water and sewer connection charges and fees, finds as follows:

<u>Year Ending</u>	<u>Connection Fees Collected</u>	<u>Connection Fees Spent on Capital Projects</u>	<u>Remaining Balance</u>
6/30/2015	\$ 166,355.00	\$ 166,355.00	\$0.00
6/30/2014	\$ 66,970.00	\$ 66,970.00	\$0.00
6/30/2013	\$ 36,325.00	\$ 36,325.00	\$0.00
6/30/2012	\$ 43,468.00	\$ 43,468.00	\$0.00
6/30/2011	\$ 6,519.28	\$ 6,519.28	\$0.00
6/30/2010	\$ 49,516.00	\$ 49,516.00	\$0.00
6/30/2009	\$ 102,628.00	\$ 102,628.00	\$0.00
6/30/2008	\$ 153,929.00	\$ 153,929.00	\$0.00
6/30/2007	\$ 295,901.00	\$ 295,901.00	\$0.00

ANNUAL WATER CONNECTION CHARGE REPORT
Montara Water and Sanitary District
June 30, 2015

The District, in compliance with Section 66013 of the Government Code in reviewing the water and sewer connection charges and fees, finds as follows:

<u>Year Ending</u>	<u>Connection Fees Collected</u>	<u>Connection Fees Spent on Capital Projects</u>	<u>Remaining Balance</u>
6/30/2015	\$ 172,492.12	\$ 172,492.12	\$0.00
6/30/2014	\$ 107,520.30	\$ 107,520.30	\$0.00
6/30/2013	\$ 74,314.87	\$ 74,314.87	\$0.00
6/30/2012	\$ 131,890.00	\$ 131,890.00	\$0.00
6/30/2011	\$ 18,382.00	\$ 18,382.00	\$0.00
6/30/2010	\$ 21,971.00	\$ 21,971.00	\$0.00
6/30/2009	\$ 50,848.00	\$ 50,848.00	\$0.00
6/30/2008	\$ 120,108.59	\$ 120,108.59	\$0.00
6/30/2007	\$ 65,900.00	\$ 65,900.00	\$0.00