

**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.

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

October 1, 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 September 2, 2015.
2. Approve Financial Statements for August 2015.
3. Approve Warrants for October 1, 2015.
4. SAM Flow Report for August, 2015

5. Monthly Review of Current Investment Portfolio.
6. Connection Permit Applications Received.
7. Monthly Water Production Report for August 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 Changes to Electronic Recycling Services.
2. Review and Possible Action Concerning Prop 218 Notice to Increase 2016 Solid Waste Disposal Fees.
3. Review and Possible Action Concerning Application to LAFCo for Extra Jurisdictional Service for MWSD to Provide Water Service to Big Wave.
4. Review and Possible Action Concerning Clarification of the Role of Board Members, Communication with other Board Members and the Public.

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 LEGAL COUNSEL – EXISTING LITIGATION

(Gov't. C. §54956.9(d)(1))

Names of cases:

- (i) Montara Water and Sanitary District v. County of San Mateo, etc. et al., Resp.; Big Wave LLC, Real Party in Interest, San Mateo Cnty. Super. Ct. No. CIV 505205

RECONVENE IN OPEN SESSION AND ADJOURN TO CONVENE FOR REGULAR MEETING

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
September 2, 2015

MINUTES

MEETING BEGAN AT 6:00 p.m.

Directors Present: Slater-Carter and Huber
Staff Present: District Clerk, Judy Gromm

Others Present: Greg Dieguez, Montara Resident
Bob Ptacek, Montara Resident

1. Review of Investment Strategies for PARS Plan.

Director Slater-Carter asked Director Huber if he had received the email she had sent out this afternoon. He responded yes.

Director Huber reported he had received an email from President Boyd regarding the agenda for this evening's meeting. Mr. Huber read the following email:

Committee members,
This email is strictly about the agenda for the committee meeting.

The wording of the agenda is the same as for the first committee meeting, and the singular task remains the same. The direction of the board to the committee was to bring back three investment options for the full board's consideration.

The direction of the board to the General Manager was to ask Bartle Wells whether they would be willing to conduct a form of peer review on the actuarial report, and if so, to do so. This was not a request to the committee.

Scott

Director Slater-Carter reported it would be a violation of the Brown Act for the President to set the rules for the Finance Committee. Director Slater-Carter believes there were broader instructions than that.

Director Huber disagreed with that statement and reported he had taken notes at the last meeting and noted what was stated in the email was what his understanding was as well.

Director Slater-Carter reported her reply to everyone is that we can't do this without the correct data. You will note in the questions she had sent out, we still have critical data missing. Director Slater-Carter requested to have her questions attached to these minutes and to have available for tomorrow night's regular scheduled meeting.

Director Huber read his notes from the August 6th meeting: It is the Finance Committee's responsibility to provide to the Board by the next scheduled meeting the following:

1. What successful Agencies use for a discount rate (Water and Sanitary Districts)
2. Find an investment manager (passive may be used)
3. Investment Strategy

Director Huber noted there is a difference of opinion regarding what the committee is being asked to do. Based on the idea that the direction of the Board was to bring back 3 options was the way Director Huber understood it. Director Huber then asked Director Slater-Carter if she had not understood the direction as being that way. Director Slater-Carter understood the direction as that way but the underlying premise was we would bring back investment options based on correct data, not on wild guesses. Director Huber does not have the same feeling that these are wild guesses. Director Huber believes we do have enough information.

Director Slater-Carter asked if we had seen prospectus. Director Huber had not seen the prospectus, but he still feels in conjunction with both the independent review that he had done and also with what Bartle Wells has done we do have sufficient information to be able to address this.

Director Slater-Carter asked if Director Huber had read what she had included in the HighMark mutual fund disclosure statement for US Bank accounts. Director Slater-Carter read the following from HighMark Capital Management Mutual Fund Disclosure Statement for U.S. Bank Account Sub-Advised by HighMark Capital Management, Inc. Effective September 16, 2013: You have or will separately receive by mail or through electronic delivery prospectuses that contain information on the investment objectives, operation and fees for all mutual funds sub-advised by HCM that are available to Accounts of the type you have. **Read the prospectuses carefully.** Please review the prospectuses for mutual funds carefully to identify risks, investment objectives, any investment limitations and restrictions, and costs and expenses of investing in any mutual fund you purchase, including fees paid to service providers. Director Slater-Carter added this is from the document that General Manager Heldmaier is going to sign.

Director Huber noted yes, this may be, but this still does not mean we can't give a recommendation to the full Board for a vote and it also does not mean we can't before signing it, read the actual prospectus.

Director Slater-Carter wanted clarity from Director Huber. Are you saying the Board can vote on these without seeing the prospectus? Director Huber clarified he is saying we can make a recommendation to the Board without seeing the prospectuses.

Director Slater-Carter wondered when the Board would be able to review the prospectus. Director Huber did not have an answer for this question. Director Slater-Carter then asked shouldn't we see the prospectus first? Director Huber noted he did not feel it was necessary to give the Board the committee's recommendation.

Director Huber suggested he and Director Slater-Carter have a difference of opinion on the ability to give the Board a presentation.

Director Slater-Carter stated she would want to take the advice and the recommendations of HighMark. Their advice says to read the prospectus carefully. Director Slater-Carter cannot move forward without taking the advice of people that have a great deal of experience in finance.

Director Huber noted the preliminary information that they gave us, in his mind, is sufficient to make a recommendation to the Board. And at that point once a firm investment strategy has been approved, then we can do a follow up of due diligence to make sure we have read the full prospectus.

Director Slater-Carter asked why can't we do that first. Director Huber answered I do not have that in front of me and we have a meeting tomorrow and he is ready to make a presentation tomorrow night to the Board. Director Huber respects Director Slater-Carter's position and suggests they both make independent presentations to the Board. Director Slater-Carter agreed, she will do the best she can being remote on why we need to do our due diligence first not second.

Greg Dieguez, Montara resident, wondered if there had been any success in finding other investment advisors. He was unable to get Schwab, but understood that Director Huber had contacted Vanguard and requested Director Huber to share the information. Director Slater-Carter reported she had sent a note to Schwab and got a thanks, but no thanks letter back. Mr. Dieguez thought we still needed to do more due diligence but thought it worth hearing what Director Huber had found out with Vanguard. Director Slater-Carter agreed.

Director Huber reported he found with Vanguard, we would be self-directed and basically invest in any of Vanguard funds that they have available. Because of the way this is set up, it would be Director Huber's opinion we would utilize Vanguard index funds, more specifically the Standard and Poor's 500 Index. Director Huber did not investigate whether other providers of mutual funds would do the same so we could basically we could invest in index funds through Vanguard but also through some other ones like I share which is Blackrock, specifically when it comes

to index bond funds. There is a downside to doing this and that is we are simply tracking markets for their return and not getting financial advice. This is a question for the Board to see if we are comfortable with this decision. Mr. Dieguez asked what the expense ratios are for Vanguard. Mr. Dieguez reported he had a habit of jumping to conclusions, but did work for financial services for 40 something years. You have probably noted the discount rates on the health plans at the local water agencies are at a 5 to 5.9 discount rate. Mr. Dieguez continued, you will have noted that there is no annuity out there now that pays more than 4.5%. You will have noted the Santa Clara Grand Jury Probability Distribution on Investments showing around a 6.1% return they recommended. You will have noticed Bartels probability thing which is also around 6% before expenses. You also remember the HighMark guy said the most we could expect to earn is 5.5 to 6%. This was with an aggressive strategy. So, I am going to jump to the conclusion that if the Board wants a discount rate at 5.5 to 6 %, and anything less than that will increase the cost of contribution. If it wants anything approaching that it has to do an all stock investment strategy. It has to take an aggressive approach because it is the only one that has a prayer of making it and this is what the HighMark guy said. I would also say you have to do a passive strategy because we can't afford to pay anywhere from 75 to the higher number of basis points that I remembered hearing, Clemens disagrees with what I remembered, but 20 basis points is about right. I will also suggest to Bills point, that there is a lot of literature that points to financial advice as being worthless. You can't beat the market, you can get lucky and find the right advisor that happens to have a good run, but on balance, you can't beat the market. So as far as I am concerned, and I have managed funds in the S&P 500 market with a passive strategy and that is the way I would do it. Unless you are willing to use a discount rate that is lower than 6%.

Director Slater-Carter explained in theory she would agree with Mr. Dieguez, but if we are not talking about HighMark, we can put the prospectus questions aside. Director Slater-Carter has serious questions we did not need Bartel to answer for instance in the budget there is a significant difference on what we budgeted for in wages and what was used by Bartel and Associates. All of these have a bearing on how this is going to turn out.

Director Huber requested it to be known that he did check up on a Vanguard total Stock Market Index Fund which has the letters VTSMX and this has an expense 0.17%.

Director Huber suggested because there is a meeting tomorrow, we should simply be prepared to make separate presentations on our positions regarding this issue.

Director Slater-Carter agreed. Director Slater-Carter would also like to know what US Bank and PARS are going to charge us for not using HighMark. Director Slater-Carter would like to see this in writing not lost in some document but a distinct statement. Director Slater-Carter suggested Director Huber and the rest of the Board would be interested in this too.

Director Huber suggested if this is important to you Director Slater-Carter, you need to bring this up at the meeting.

Director Slater-Carter requested for the email she sent to Director Huber and General Manager Heldmaier to be included in the minutes and handed out at tomorrow's meeting. Director Slater-Carter noted if you looked at the Bartle Wells report, they did correct some of the errors that were made by Bartle and Associates Actuarial Report. We still do not have enough accurate information to make a recommendation to the Board that would protect the interests of MWSD, our rate payers and our employees.

Director Huber understands Director Slater-Carter's position on this, but his position is we do have enough information to make a presentation to the Board and that I feel at least I have enough information to satisfy my needs to represent the people in the district properly.

FINANCE COMMITTEE MEETING ENDED at 6:29 p.m.

Respectfully Submitted,

Signed _____
Secretary

1st October, 2015

Signed _____
President

MONTARA WATER AND SANITARY DISTRICT



**Unaudited Financial Statements for
August
2015**



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

SUBJECT: Unaudited Financial Statements – Executive Summary

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

- 4460 Remodel Fees, \$10,343 above Budget – Two new fees assessed in August.
- **Overall Total Operating Income for the period ending August 31, 2015 was \$12,979 above budget.**
- 5610 Accounting, \$3,150 below Budget – Variance due to the lag in billing. Currently only the month of July has been paid.
- 5620 Audit, \$6,500 below Budget – No activity to-date. VTD typically bills when audit reports have been released.
- 5800 Labor, \$11,168 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, \$7,363 below Budget – Minimal activity to-date. Budget is spread evenly between twelve months.
- 6400 Pumping, \$4,500 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 6940 SAM Maintenance, Collection System, \$2,812 below Budget – Only activity to-date is for a Sewer line repair. Budget is spread evenly between twelve months.
- 6950 SAM Maintenance, Pumping, \$15,461 above Budget – Lift Station Repair. Expense will be capitalized at year-end.
- **Overall Total Operating Expenses for the period ending August 31, 2015 were \$2,693 below Budget.**
- **Total overall Expenses for the period ending August 31, 2015 were \$29,695 below budget. For a net ordinary income of \$42,675, budgeted vs. actual. Actual net ordinary loss is (\$238,677).**
- 7100 Connection Fees, \$41,828 below Budget – Three Remodel connections sold. No activity in the month of August. No new construction connections sold.
- 8075 CIP, \$87,579 below Budget – Pump station control panel upgrade phase 1 project is in process.
- 9200 I-Bank Loan, \$8,412 below Budget – Interest spread evenly throughout the year. Payments made twice a year.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- **Budget vs. Actual – Water July thru August, 2015 Variances over \$2,000:**
- 4810 Water Sales Domestic, \$24,869 above Budget – More water sales than anticipated. Budget is spread evenly between twelve months.
- **Overall Total Operating Income for the period ending August 31, 2015 was \$29,622 above budget.**
- 5240 CDPF Fees, \$2,500 below Budget – No activity to-date. Budget is spread evenly between twelve months.
- 5400 Legal, \$6,947 below Budget – Less activity than anticipated to date.
- 5530 Memberships, \$2,746 below Budget – One membership fee paid to date – Underground Services Alert.
- 5610 Accounting, \$3,150 below Budget – Variance due to the lag in billing. Currently only the month of July has been paid.
- 5620 Audit, \$6,500 below Budget – No activity to-date. VTD typically bills when audit reports have been released.
- 5630 Consulting \$3,740 below Budget - Less activity than anticipated to date.
- 5800 Labor, \$28,357 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, \$4,918 above Budget – Water Quality engineering costs are more than expected.
- 6400 Pumping, \$6,572 below Budget – PG&E costs were expected to be between \$5,200 and \$5,400 per month. To date costs have been \$2,400 per month on average.
- 6500 Supply, \$7,500 below Budget – Supply purchases are billed quarterly. No activity to date.
- 6600 Collection/Transmission, \$7,045 below Budget – Minimal activity to date. Two repair projects billed in August.
- 6700 Treatment, \$4,851 below Budget – Minimal activity to date.
- **Overall Total Operating Expenses for the period ending August 31, 2015 were \$26,616 below Budget.**
- **Total overall Expenses for the period ending August 31, 2015 were \$82,270 below budget. For a net ordinary income of \$111,892, budgeted vs. actual. Actual net ordinary income is \$159,944.**
- 7100 Connection Fees, \$14,205 below Budget – One connection sold. No activity in the month of August. No new construction connections sold.
- 7600 Bond Revenues, G.O. \$191,739 below Budget – No revenue received to-date, as is typical.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: October 1, 2015

TO: BOARD OF DIRECTORS

FROM: Clemens H. Heldmaier, General Manager

- 8100 CIP, \$99,624 above Budget – Large bill to Western Water Constructors for \$317,948 for the Alta Vista Tank.
- 9100 Interest Expense G.O. Bonds, \$132,425 below Budget – Only expense is for interest. Remaining budget amount of \$132,425 was applied to Interest Payable, leaving as a variance on the P&L.

RECOMMENDATION:

This is for Board information only

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

	Jul - Aug 15	Sewer Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	5,556.36		
4400 · Fees		5,333.34	
4410 · Administrative Fee (New Constr)	948.00	416.66	531.34
4420 · Administrative Fee (Remodel)	474.00	500.00	-26.00
4430 · Inspection Fee (New Constr)	896.00	333.34	562.66
4440 · Inspection Fee (Remodel)	1,190.00	750.00	440.00
4460 · Remodel Fees	11,510.00	1,166.66	10,343.34
Total 4400 · Fees	15,018.00	3,166.66	11,851.34
4720 · Sewer Service Refunds, Customer	0.00	-666.66	666.66
4760 · Waste Collection Revenues	2,738.33	2,500.00	238.33
Total Income	23,312.69	10,333.34	12,979.35
Expense			
5000 · Administrative			
5190 · Bank Fees			
5200 · Board of Directors	525.79	666.66	-140.87
5210 · Board Meetings	125.00	416.66	-291.66
5220 · Director Fees	337.50	550.00	-212.50
Total 5200 · Board of Directors	462.50	966.66	-504.16
5250 · Conference Attendance	0.00	333.34	-333.34
5270 · Information Systems	0.00	1,000.00	-1,000.00
5300 · Insurance			
5320 · Property & Liability Insurance	1,688.18	292.50	1,395.68
Total 5300 · Insurance	1,688.18	292.50	1,395.68
5350 · LAFCO Assessment	0.00	292.50	-292.50
5400 · Legal			
5420 · Meeting Attendance, Legal	842.50	1,583.34	-740.84
5430 · General Legal	3,062.50	2,500.00	562.50
Total 5400 · Legal	3,905.00	4,083.34	-178.34
5510 · Maintenance, Office	624.85	1,000.00	-375.15
5540 · Office Supplies	1,477.69	1,500.00	-22.31
5550 · Postage	117.66	333.34	-215.68
5560 · Printing & Publishing	0.00	500.00	-500.00
5600 · Professional Services			
5610 · Accounting	1,850.00	5,000.00	-3,150.00
5620 · Audit	0.00	6,500.00	-6,500.00
5630 · Consulting	426.88	2,166.66	-1,739.78
5640 · Data Services	327.50	1,000.00	-672.50
5650 · Labor & HR Support	0.00	375.00	-375.00
5660 · Payroll Services	121.96	133.34	-11.38
Total 5600 · Professional Services	2,726.34	15,175.00	-12,448.66
5710 · San Mateo Co. Tax Roll Charges	0.00	416.66	-416.66
5720 · Telephone & Internet	1,019.71	1,500.00	-480.29
5730 · Mileage Reimbursement	0.00	250.00	-250.00
5740 · Reference Materials	0.00	33.34	-33.34

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

	Jul - Aug 15	Sewer Budget	\$ Over Budget
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	2,153.70	2,284.84	-131.14
5820 · Employee Benefits	5,387.58	6,082.84	-695.26
5830 · Disability Insurance	113.37	241.66	-128.29
5840 · Payroll Taxes	2,353.74	2,497.16	-143.42
5850 · PARS	0.00	7,547.50	-7,547.50
5900 · Wages			
5910 · Management	13,250.88	14,340.16	-1,089.28
5920 · Staff	16,936.24	17,181.66	-243.42
5930 · Staff Certification	300.00	309.00	-9.00
5940 · Staff Overtime	278.32	619.66	-341.34
5950 · Staff Standby	0.00	191.16	-191.16
Total 5900 · Wages	30,767.44	32,641.64	-1,874.20
5960 · Worker's Comp Insurance	0.00	648.50	-648.50
Total 5800 · Labor	40,775.83	51,944.14	-11,168.31
Total 5000 · Administrative	53,323.55	80,326.14	-27,002.59
6000 · Operations			
6170 · Claims, Property Damage	0.00	1,666.66	-1,666.66
6195 · Education & Training	0.00	166.66	-166.66
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	333.34	-333.34
6220 · General Engineering	1,303.50	8,333.34	-7,029.84
Total 6200 · Engineering	1,303.50	8,666.68	-7,363.18
6320 · Equipment & Tools, Expensed	0.00	166.66	-166.66
6330 · Facilities			
6335 · Alarm Services	1,457.84	833.34	624.50
6337 · Landscaping	190.00	400.00	-210.00
Total 6330 · Facilities	1,647.84	1,233.34	414.50
6400 · Pumping			
6410 · Pumping Fuel & Electricity	0.00	4,500.00	-4,500.00
Total 6400 · Pumping	0.00	4,500.00	-4,500.00
6600 · Collection/Transmission			
6660 · Maintenance, Collection System	0.00	1,666.66	-1,666.66
Total 6600 · Collection/Transmission	0.00	1,666.66	-1,666.66
6800 · Vehicles			
6810 · Fuel	0.00	133.34	-133.34
6820 · Truck Equipment, Expensed	0.00	26.66	-26.66
6830 · Truck Repairs	0.00	66.66	-66.66
Total 6800 · Vehicles	0.00	226.66	-226.66

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

	Jul - Aug 15	Sewer Budget	\$ Over Budget
6900 - Sewer Authority Midcoastside			
6910 - SAM Collections	60,084.00	60,083.34	0.66
6920 - SAM Operations	117,982.00	117,982.00	0.00
6940 - SAM Maintenance, Collection Sys	3,854.55	6,666.66	-2,812.11
6950 - SAM Maintenance, Pumping	23,794.16	8,333.34	15,460.82
Total 6900 - Sewer Authority Midcoastside	205,714.71	193,065.34	12,649.37
Total 6000 - Operations	208,666.05	211,358.66	-2,692.61
Total Expense	261,989.60	291,684.80	-29,695.20
Net Ordinary Income	-238,676.91	-281,351.46	42,674.55
Other Income/Expense			
Other Income			
7000 - Capital Account Revenues			
7100 - Connection Fees			
7110 - Connection Fees (New Constr)	0.00	45,934.00	-45,934.00
7120 - Connection Fees (Remodel)	12,439.00	8,333.34	4,105.66
Total 7100 - Connection Fees	12,439.00	54,267.34	-41,828.34
7700 - Interest, Employee Loans	602.45	602.45	0.00
Total 7000 - Capital Account Revenues	13,041.45	54,869.79	-41,828.34
Total Other Income	13,041.45	54,869.79	-41,828.34
Other Expense			
8000 - Capital Improvement Program			
8075 - Sewer	26,667.72	114,247.16	-87,579.44
Total 8000 - Capital Improvement Program	26,667.72	114,247.16	-87,579.44
9000 - Capital Account Expenses			
9125 - PNC Equipment Lease Interest	2,655.81	3,543.50	-887.69
9175 - Capital Assessment - SAM	26,778.00	26,777.66	0.34
9200 - I-Bank Loan	4,801.62	13,213.58	-8,411.96
Total 9000 - Capital Account Expenses	34,235.43	43,534.74	-9,299.31
Total Other Expense	60,903.15	157,781.90	-96,878.75
Net Other Income	-47,861.70	-102,912.11	55,050.41
Net Income	-286,538.61	-384,263.57	97,724.96

Montara Water & Sanitary District

Revenue & Expenditures Budget vs. Actual - Water

July through August 2015

	Jul - Aug 15	Water Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
4220 · Cell Tower Lease	5,556.38	5,333.34	223.04
4400 · Fees			
4410 · Administrative Fee (New Constr)	1,896.00	750.00	1,146.00
4420 · Administrative Fee (Remodel)	0.00	150.00	-150.00
4430 · Inspection Fee (New Constr)	1,792.00	708.34	1,083.66
4440 · Inspection Fee (Remodel)	0.00	133.34	-133.34
Total 4400 · Fees	3,688.00	1,741.68	1,946.32
4740 · Testing, Backflow	5,047.00	2,166.66	2,880.34
4810 · Water Sales, Domestic	305,324.28	280,455.66	24,868.62
4850 · Water Sales Refunds, Customer	-1,488.35	-500.00	-988.35
4990 · Other Revenue	692.00		
Total Income	318,819.31	289,197.34	29,621.97
Expense			
5000 · Administrative			
5190 · Bank Fees	1,033.44	1,500.00	-466.56
5200 · Board of Directors			
5210 · Board Meetings	125.00	416.66	-291.66
5220 · Director Fees	337.50	550.00	-212.50
Total 5200 · Board of Directors	462.50	966.66	-504.16
5240 · CDPH Fees	0.00	2,500.00	-2,500.00
5250 · Conference Attendance	0.00	666.66	-666.66
5270 · Information Systems	0.00	533.34	-533.34
5300 · Insurance			
5320 · Property & Liability Insurance	1,688.18	292.50	1,395.68
Total 5300 · Insurance	1,688.18	292.50	1,395.68
5350 · LAFCO Assessment	0.00	466.66	-466.66
5400 · Legal			
5420 · Meeting Attendance, Legal	845.00	1,416.66	-571.66
5430 · General Legal	3,625.00	10,000.00	-6,375.00
Total 5400 · Legal	4,470.00	11,416.66	-6,946.66
5510 · Maintenance, Office	624.85	1,000.00	-375.15
5520 · Meetings, Local	127.22		
5530 · Memberships	254.15	3,000.00	-2,745.85
5540 · Office Supplies	1,477.66	1,500.00	-22.34
5550 · Postage	564.77	1,000.00	-435.23
5560 · Printing & Publishing	0.00	333.34	-333.34
5600 · Professional Services			
5610 · Accounting	1,850.00	5,000.00	-3,150.00
5620 · Audit	0.00	6,500.00	-6,500.00
5630 · Consulting	426.87	4,166.66	-3,739.79
5640 · Data Services	327.50		
5650 · Labor & HR Support	375.00		
5660 · Payroll Services	121.96	141.66	-19.70
Total 5600 · Professional Services	3,101.33	15,808.32	-12,706.99
5720 · Telephone & Internet	1,783.79	1,500.00	283.79
5730 · Mileage Reimbursement	65.52	333.34	-267.82
5740 · Reference Materials	0.00	133.34	-133.34

Montara Water & Sanitary District

Revenue & Expenditures Budget vs. Actual - Water

July through August 2015

	Jul - Aug 15	Water Budget	\$ Over Budget
5800 · Labor			
5810 · CalPERS 457 Deferred Plan	5,024.89	5,859.00	-834.11
5820 · Employee Benefits	10,211.68	10,212.84	-598.84
5830 · Disability Insurance	280.52	591.50	-310.98
5840 · Payroll Taxes	5,925.75	6,403.16	-477.41
5850 · PARS	375.00	18,632.66	-18,257.66
5900 · Wages			
5910 · Management	13,250.92	14,340.16	-1,089.24
5920 · Staff	50,624.19	56,464.16	-5,839.97
5930 · Staff Certification	1,500.00	1,527.84	-27.84
5940 · Staff Overtime	8,391.09	8,319.66	71.43
5950 · Staff Standby	3,695.56	3,049.16	646.40
Total 5900 · Wages	77,461.76	83,700.98	-6,239.22
5980 · Worker's Comp Insurance	0.00	2,836.50	-2,836.50
Total 5800 · Labor	99,879.60	128,236.64	-28,357.04
Total 5000 · Administrative	115,533.01	171,187.46	-55,654.45
6000 · Operations			
6160 · Backflow Prevention	756.94	666.66	90.28
6170 · Claims, Property Damage	0.00	1,666.66	-1,666.66
6180 · Communications			
6185 · SCADA Maintenance	0.00	2,500.00	-2,500.00
6180 · Communications - Other	2,574.91		
Total 6180 · Communications	2,574.91	2,500.00	74.91
6195 · Education & Training	0.00	1,000.00	-1,000.00
6200 · Engineering			
6210 · Meeting Attendance, Engineering	0.00	333.34	-333.34
6220 · General Engineering	150.00	5,000.00	-4,850.00
6230 · Water Quality Engineering	15,935.00	5,833.34	10,101.66
Total 6200 · Engineering	16,085.00	11,166.68	4,918.32
6320 · Equipment & Tools, Expensed	126.25	1,000.00	-873.75
6330 · Facilities			
6335 · Alarm Services	119.25	125.00	-5.75
6337 · Landscaping	300.00	750.00	-450.00
Total 6330 · Facilities	419.25	875.00	-455.75
6370 · Lab Supplies & Equipment	0.00	166.66	-166.66
6400 · Pumping			
6410 · Pumping Fuel & Electricity	7,128.32	10,833.34	-3,705.02
6420 · Pumping Maintenance, Generators	0.00	2,166.66	-2,166.66
6430 · Pumping Maintenance, General	49.99	416.66	-366.67
6440 · Pumping Equipment, Expensed	0.00	333.34	-333.34
Total 6400 · Pumping	7,178.31	13,750.00	-6,571.69
6500 · Supply			
6520 · Maintenance, Wells	0.00	833.34	-833.34
6530 · Water Purchases	0.00	6,666.66	-6,666.66
Total 6500 · Supply	0.00	7,500.00	-7,500.00

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

	Jul - Aug 15	Water Budget	\$ Over Budget
6600 · Collection/Transmission			
6610 · Hydrants	0.00	166.66	-166.66
6620 · Maintenance, Water Mains	8,704.72	9,166.66	-461.94
6630 · Maintenance, Water Svc Lines	0.00	4,166.66	-4,166.66
6640 · Maintenance, Tanks	0.00	166.66	-166.66
6650 · Maint., Distribution General	0.00	1,666.66	-1,666.66
6670 · Meters	0.00	416.66	-416.66
Total 6600 · Collection/Transmission	8,704.72	15,749.96	-7,045.24
6700 · Treatment			
6710 · Chemicals & Filtering	622.14	5,000.00	-4,377.86
6720 · Maintenance, Treatment Equip.	2,053.81	666.66	1,387.15
6730 · Treatment Analysis	2,306.00	4,166.66	-1,860.66
Total 6700 · Treatment	4,981.95	9,833.32	-4,851.37
6770 · Uniforms	1,835.41	1,500.00	335.41
6800 · Vehicles			
6810 · Fuel	662.50	1,416.66	-754.16
6820 · Truck Equipment, Expensed	17.05	333.34	-316.29
6830 · Truck Repairs	0.00	833.34	-833.34
Total 6800 · Vehicles	679.55	2,583.34	-1,903.79
Total 6000 · Operations	43,342.29	69,958.28	-26,615.99
Total Expense	158,875.30	241,145.74	-82,270.44
Net Ordinary Income	159,944.01	48,051.60	111,892.41
Other Income/Expense			
Other Income			
7000 · Capital Account Revenues			
7100 · Connection Fees			
7110 · Connection Fees (New Constr)	0.00	16,833.34	-16,833.34
7120 · Connection Fees (Remodel)	0.00	500.00	-500.00
7130 · Conn. Fees, PFP (New Constr)	11,962.00	8,833.34	3,128.66
Total 7100 · Connection Fees	11,962.00	26,166.68	-14,204.68
7600 · Bond Revenues, G.O.	0.00	191,739.34	-191,739.34
Total 7000 · Capital Account Revenues	11,962.00	217,906.02	-205,944.02
Total Other Income	11,962.00	217,906.02	-205,944.02
Other Expense			
8000 · Capital Improvement Program			
8100 · Water	387,790.51	288,166.66	99,623.85
Total 8000 · Capital Improvement Program	387,790.51	288,166.66	99,623.85

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

	Jul - Aug 15	Water Budget	\$ Over Budget
9000 · Capital Account Expenses			
9100 · Interest Expense - GO Bonds	26,484.91	158,909.49	-132,424.58
9125 · PNC Equipment Lease Interest	2,655.82	3,543.50	-887.68
Total 9000 · Capital Account Expenses	29,140.73	162,452.99	-133,312.26
Total Other Expense	416,931.24	450,619.65	-33,688.41
Net Other Income	-404,969.24	-232,713.63	-172,255.61
Net Income	-245,025.23	-184,662.03	-60,363.20

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

	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Checking/Savings			
Sewer - Bank Accounts			
Wells Fargo Operating - Sewer	926,001.60	0.00	926,001.60
LAIIF 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	5,199,248.22	0.00	5,199,248.22
Water - Bank Accounts			
Wells Fargo Operating - Water	0.00	490,509.32	490,509.32
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	822,750.55	822,750.55
Total Restricted Cash	0.00	980,309.62	980,309.62
Total Water - Bank Accounts	0.00	2,059,318.94	2,059,318.94
Total Checking/Savings	5,199,248.22	2,059,318.94	7,258,567.16
Accounts Receivable			
Sewer - Accounts Receivable			
Accounts Receivable	13,612.68	0.00	13,612.68
Property Tax Receivable	20,625.07	0.00	20,625.07
Total Sewer - Accounts Receivable	34,237.75	0.00	34,237.75
Water - Accounts Receivable			
Accounts Receivable	0.00	-2,500.00	-2,500.00
Accounts Rec. - Backflow	0.00	9,648.51	9,648.51
Accounts Rec. - Water Residents	0.00	115,184.47	115,184.47
Unbilled Water Receivables	0.00	195,064.08	195,064.08
Total Water - Accounts Receivable	0.00	317,397.06	317,397.06
Total Accounts Receivable	34,237.75	317,397.06	351,634.81
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	5,254,111.04	2,419,372.32	7,673,483.36
Fixed Assets			
Sewer - Fixed Assets			
General Plant	2,091,544.42	0.00	2,091,544.42
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

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Accrual Basis

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

Seal Cove Collection System	995,505.00	0.00	995,505.00
Sewage Collection Facility			
Collection Facility - Org. Cost	1,349,064.00	0.00	1,349,064.00
Collection Facility - Other	3,991,243.33	0.00	3,991,243.33
Total Sewage Collection Facility	<u>5,340,307.33</u>	<u>0.00</u>	<u>5,340,307.33</u>
Treatment Facility	244,539.84	0.00	244,539.84
Accumulated Depreciation	-6,886,088.00	0.00	-6,886,088.00
Total Sewer - Fixed Assets	<u>5,041,218.16</u>	<u>0.00</u>	<u>5,041,218.16</u>
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	0.00	-8,014,973.00	-8,014,973.00
Total Water - Fixed Assets	<u>0.00</u>	<u>18,427,784.38</u>	<u>18,427,784.38</u>
Total Fixed Assets	<u>5,041,218.16</u>	<u>18,427,784.38</u>	<u>23,469,002.54</u>
Other Assets			
Sewer - Other Assets			
Due from Water Fund	803,385.23	0.00	803,385.23
Employee Loan - S/T	17,299.11	0.00	17,299.11
Employee Loan - L/T	73,078.66	0.00	73,078.66
Joint Power Authority			
SAM - Orig Collection Facility	981,592.00	0.00	981,592.00
SAM - Expansion	1,705,955.08	0.00	1,705,955.08
Total Joint Power Authority	<u>2,687,547.08</u>	<u>0.00</u>	<u>2,687,547.08</u>
Total Sewer - Other Assets	<u>3,581,310.08</u>	<u>0.00</u>	<u>3,581,310.08</u>
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	<u>0.00</u>	<u>129,354.80</u>	<u>129,354.80</u>
Total Other Assets	<u>3,581,310.08</u>	<u>129,354.80</u>	<u>3,710,664.88</u>
TOTAL ASSETS	<u><u>13,876,639.28</u></u>	<u><u>20,976,511.50</u></u>	<u><u>34,853,150.78</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable - Sewer	70,203.66	0.00	70,203.66
Accounts Payable - Water	0.00	34,638.33	34,638.33
Total Accounts Payable	<u>70,203.66</u>	<u>34,638.33</u>	<u>104,841.99</u>
Other Current Liabilities			
Sewer - Current Liabilities			
Accrued Vacations	357.63	0.00	357.63
Deposits Payable	10,505.50	0.00	10,505.50
I-Bank Loan - Current	26,540.23	0.00	26,540.23
PNC Equip. Loan - S/T	32,353.43	0.00	32,353.43
Total Sewer - Current Liabilities	<u>69,756.79</u>	<u>0.00</u>	<u>69,756.79</u>

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 Accrual Basis

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

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	13,025.85	13,025.85
GO Bonds - S/T	0.00	418,781.41	418,781.41
PFP Water Deposits	0.00	4,302.50	4,302.50
PNC Equip. Loan - S/T	0.00	32,353.42	32,353.42
Total Water - Current Liabilities	0.00	485,922.55	485,922.55
Payroll Liabilities			
Employee Benefits Payable	1,438.67	2,444.25	3,882.92
Total Payroll Liabilities	1,438.67	2,444.25	3,882.92
Total Other Current Liabilities	71,195.46	488,366.80	559,562.26
Total Current Liabilities	141,399.12	523,005.13	664,404.25
Long Term Liabilities			
Sewer - Long Term Liabilities			
Accrued Vacations	3,890.95	0.00	3,890.95
I-Bank Loan	813,383.96	0.00	813,383.96
PNC Equip. Loan - L/T	683,657.26	0.00	683,657.26
Total Sewer - Long Term Liabilities	1,500,932.17	0.00	1,500,932.17
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	0.00	15,387,096.10	15,387,096.10
Total Long Term Liabilities	1,500,932.17	15,387,096.10	16,888,028.27
Total Liabilities	1,642,331.29	15,910,101.23	17,552,432.52
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	-638,775.51	0.00	-638,775.51
Total Sewer - Equity Accounts	11,415,769.56	0.00	11,415,769.56
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	638,775.51	638,775.51
Total Water - Equity Accounts	0.00	3,329,830.52	3,329,830.52
Equity Adjustment Account	1,105,077.04	1,981,604.98	3,086,682.02
Net Income	-286,538.61	-245,025.23	-531,563.84
Total Equity	12,234,307.99	5,066,410.27	17,300,718.26
TOTAL LIABILITIES & EQUITY	<u>13,876,639.28</u>	<u>20,976,511.50</u>	<u>34,853,150.78</u>

**Montara Water & Sanitary District
Restricted and Non Restricted Cash Assets
July 2015 through June 2016**

ation

	July	August	September	October	November	December	January	February	March	April	May	June	Target Reserves	\$ Over/Under Targets	% Over/Under Targets	
	1,471,587.93	926,001.60														
	158,079.00	158,079.00											287,352.00	(129,273.00)	55%	
	3,789,583.62	3,789,583.62											2,750,446.00	1,039,137.62	138%	
	<u>325,604.00</u>	<u>325,604.00</u>											325,604.00	-	100%	
	4,273,266.62	4,273,266.62														
	480,373.79	490,509.32														
	190,251.00	190,251.00											217,906.00	(27,655.00)	87%	
	398,249.00	398,249.00											1,207,180.00	(808,931.00)	33%	
	<u>157,000.00</u>	<u>157,000.00</u>											157,000.00	-	100%	
	745,500.00	745,500.00														
	436.13	436.13														
	122.94	122.94														
	<u>1,355,991.77</u>	<u>822,750.55</u>														
	1,356,550.84	823,309.62														
	<u>8,327,279.18</u>	<u>7,258,587.16</u>														

**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	% c	
														TOTAL			
• Staff Overtime	17.04	261.28											278.32	3,718.00	(3,439.68)		
• Staff Standby														1,147.00	(1,147.00)		
• Wages	15,646.56	15,120.88											30,767.44	195,850.00	(165,082.56)		
• Worker's Comp Insurance														3,891.00	(3,891.00)		
• Labor	20,632.58	20,143.25											40,775.83	311,665.00	(270,889.17)		
• Administrative	22,769.50	30,554.05											53,323.55	455,957.00	(402,633.45)		
• Property Damage														10,000.00	(10,000.00)		
• Training														1,000.00	(1,000.00)		
• Engineering Attendance, Engineering	895.00	408.50											1,303.50	2,000.00	(2,000.00)		
• General Engineering	895.00	408.50											1,303.50	50,000.00	(48,696.50)		
• Engineering														52,000.00	(50,696.50)		
• Equipment & Tools, Expensed														1,000.00	(1,000.00)		
• Firm Services	391.80	1,066.04											1,457.84	5,000.00	(3,542.16)		
• Landscaping		190.00											190.00	2,400.00	(2,210.00)		
• Facilities	391.80	1,256.04											1,647.84	7,400.00	(5,752.16)		
• Lighting														27,000.00	(27,000.00)		
• Pumping Fuel & Electricity														27,000.00	(27,000.00)		
• Pumping														10,000.00	(10,000.00)		
• Collection/Transmission														10,000.00	(10,000.00)		
• Maintenance, Collection System														10,000.00	(10,000.00)		
• Collection/Transmission														800.00	(800.00)		
• Miscellaneous														160.00	(160.00)		
• Miscellaneous														800.00	(800.00)		
• Miscellaneous														160.00	(160.00)		
• Miscellaneous														800.00	(800.00)		
• Miscellaneous														160.00	(160.00)		

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	% c
Account Expenses																
Equipment Lease Interest	887.68	1,768.13											2,655.81	20,790.00	(18,134.19)	
Assessment - SAM	13,389.00	13,389.00											26,778.00	160,666.00	(133,888.00)	
Loan	4,801.62												4,801.62	26,022.00	(21,220.38)	
Total Account Expenses	19,078.30	15,157.13											34,235.43	207,478.00	(173,242.57)	
Revenue																
Water	22,149.55	38,753.60											60,903.15	892,961.00	(832,057.85)	
Sewer	-9,406.58	-38,455.12											-47,861.70	-556,076.00	508,214.30	
Total Revenue	-106,199.22	-180,339.39											-286,538.61	51,758.00	(338,296.61)	

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	%
	750.00	750.00											1,500.00	9,167.00	(7,667.00)	
• Staff Certification	3,524.31	4,866.78											8,391.09	49,918.00	(41,526.91)	
• Staff Overtime	1,828.57	1,866.99											3,695.56	18,295.00	(14,599.44)	
• Staff Standby	39,445.39	38,016.37											77,461.76	502,206.00	(424,744.24)	
• Wages	50,783.56	49,096.04											99,879.60	769,420.00	(669,540.40)	
• Worker's Comp Insurance	53,352.91	62,180.10											115,533.01	1,001,125.00	(885,591.99)	
• Labor																
Administrative																
• Sewer Prevention		756.94											756.94	4,000.00	(3,243.06)	
• Property Damage														10,000.00	(10,000.00)	
• Communications																
• ADA Maintenance		2,574.91											2,574.91	15,000.00	(15,000.00)	
• Communications - Other		2,574.91											2,574.91	15,000.00	(12,425.09)	
• Communications																
• Education & Training														6,000.00	(6,000.00)	
• Training																
• Meeting Attendance, Engineering		150.00											150.00	2,000.00	(2,000.00)	
• General Engineering		15,935.00											15,935.00	30,000.00	(29,850.00)	
• Water Quality Engineering		16,085.00											16,085.00	35,000.00	(19,065.00)	
• Engineering														67,000.00	(50,915.00)	
• Equipment & Tools, Expensed		126.25											126.25	6,000.00	(5,873.75)	
• Tools																
• Uniform Services		119.25											119.25	750.00	(630.75)	
• Landscaping		300.00											300.00	4,500.00	(4,200.00)	
• Facilities		419.25											419.25	5,250.00	(4,830.75)	
• Supplies & Equipment														1,000.00	(1,000.00)	
• Printing																
• Rent																

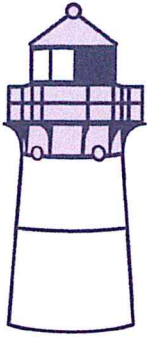
TOTAL

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	%
Account Revenues		43,342.29											43,342.29	419,750.00	(376,407.71)	
Connection Fees	53,352.91	105,522.39											158,875.30	1,420,875.00	(1,261,999.70)	
Connection Fees (New Constr)														544,309.00	(384,364.99)	
Connection Fees (Remodel)	11,962.00												11,962.00	53,000.00	(41,038.00)	
Conn. Fees, PFP (New Constr)																
Conn. Fees, PFP (Remodel)																
Other Account Revenues	11,962.00												11,962.00	157,000.00	(145,038.00)	
Account Expenses																
GO Bonds														1,150,436.00	(1,150,436.00)	
Equipment Lease Interest														1,307,436.00	(1,295,474.00)	
Other Account Expenses	11,962.00												11,962.00	1,307,436.00	(1,295,474.00)	
Improvement Program																
GO Bonds														1,729,000.00	(1,341,209.49)	
Equipment Lease Interest														1,729,000.00	(1,341,209.49)	
Other Account Expenses	887.68												887.68	336,136.00	(306,995.27)	
Total	887.68	416,043.56											416,931.24	2,065,136.00	(1,648,204.76)	

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	%
	11,074.32	-416,043.56										-404,969.24	-757,700.00	352,730.76	
116,754.63	-361,779.86											-245,025.23	-213,391.00	(31,634.23)	



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: SAM Flow Report for August 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 August 2015.
- Collection System Monthly Overflow Report – August 2015.

The Average Daily Flow for Montara was 0.242 MGD in August 2015. There was no reportable overflow in August in the Montara System. SAM indicates there were 0.18 inches of rain in August 2015.

RECOMMENDATION:

Review and file.

Attachments

Sewer Authority Mid-Coastside

Monthly Collection System Activity/SSO Distribution Report, August 2015

August 2015

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	1	0	1	0	0
Grease	1	1	0	0	0
Mechanical	0	0	0	0	0
Wet Weather	0	0	0	0	0
Other	2	2	0	0	0
Total	4	3 75%	1 25%	0 0%	0 0%

12 Month Moving Total

	Total	Number			
		HMB	GCSD	MWSD	SAM
Roots	6	0	2	4	0
Grease	1	1	0	0	0
Mechanical	3	0	0	2	1
Wet Weather	1	1	0	0	0
Other	6	4	0	2	0
Total	17	6 35%	2 12%	8 47%	1 6%

Reportable SSOs

	Total	Number			
		HMB	GCSD	MWSD	SAM
August 2015	4	3	1	0	0
12 Month Moving Total	17	6	2	8	1

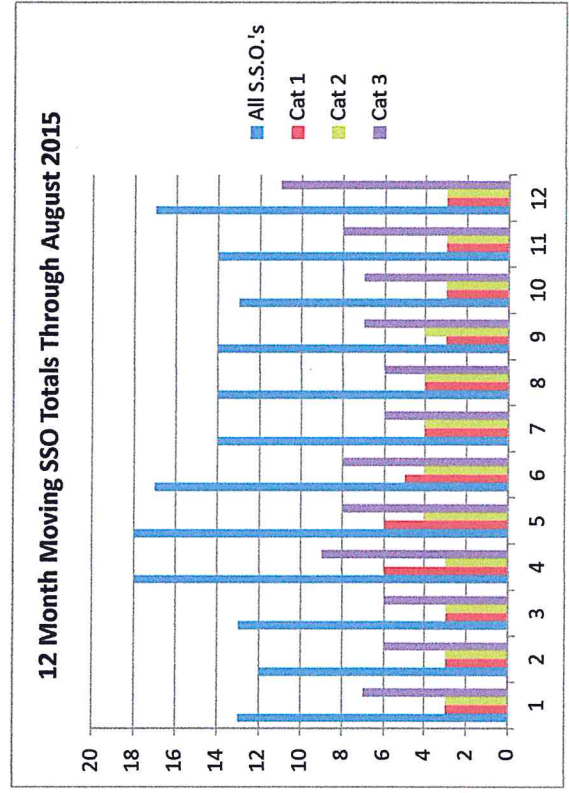
SSOs / Year / 100 Miles

	Total	Number			
		HMB	GCSD	MWSD	SAM
August 2015	3.8	8.1	3.0	0.0	0.0
12 Month Moving Total	16.3	16.2	6.0	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	10.5	8.1	6.0	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
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
Aug-15	22,512	17,746	0	40,258	7.6
Annual ft	207,748	172,760	125,605	506,113	
Annual Mi.	39.3	32.7	23.8		95.9

Attachment D



Attachment A

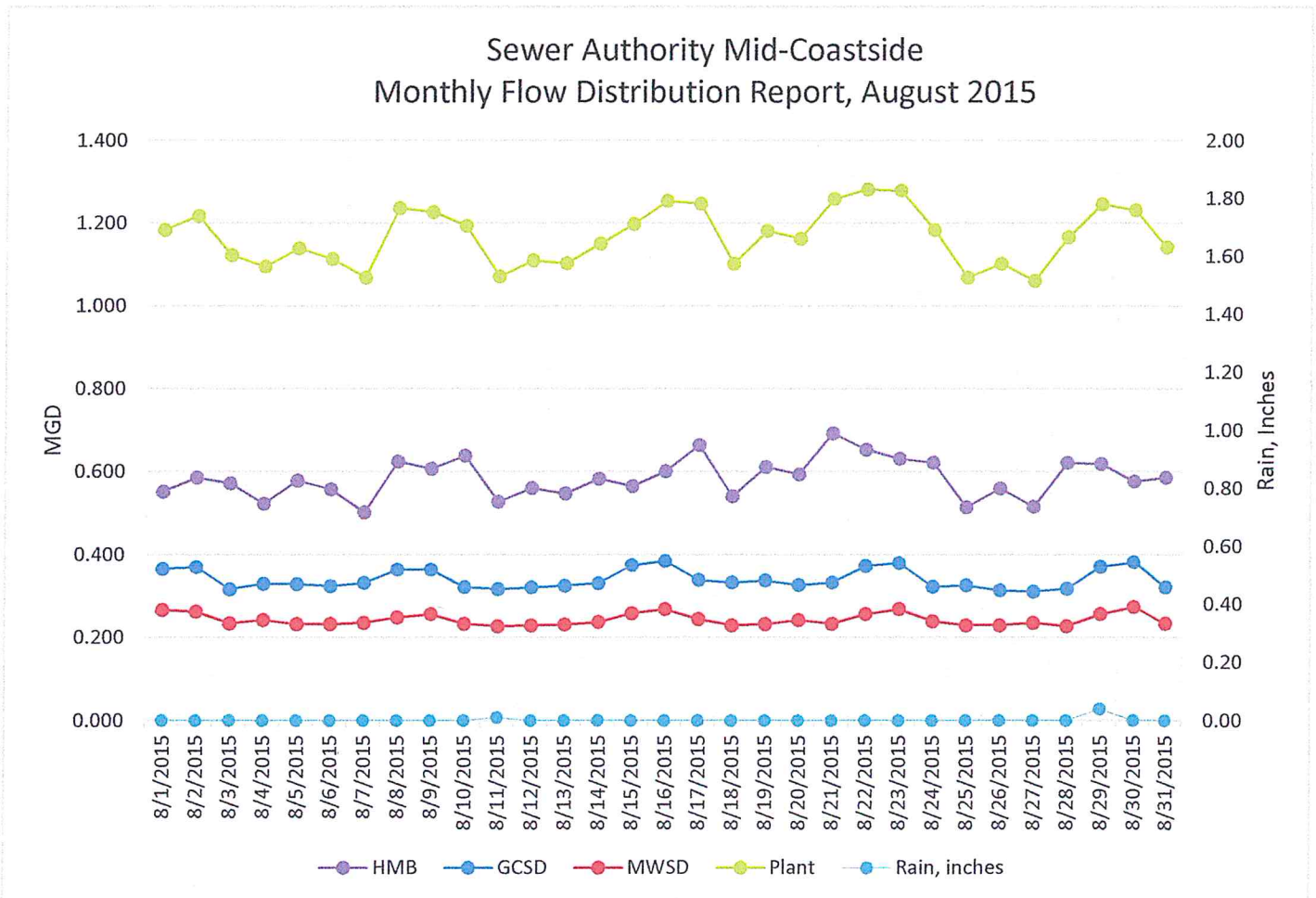
Flow Distribution Report Summary For August 2015

The daily flow report figures for the month of August 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	0.585	50.1%
Granada Community Services District	0.340	29.1%
Montara Water and Sanitary District	<u>0.242</u>	<u>20.8%</u>
Total	1.167	100.0%



Sewer Authority Mid-Coastside

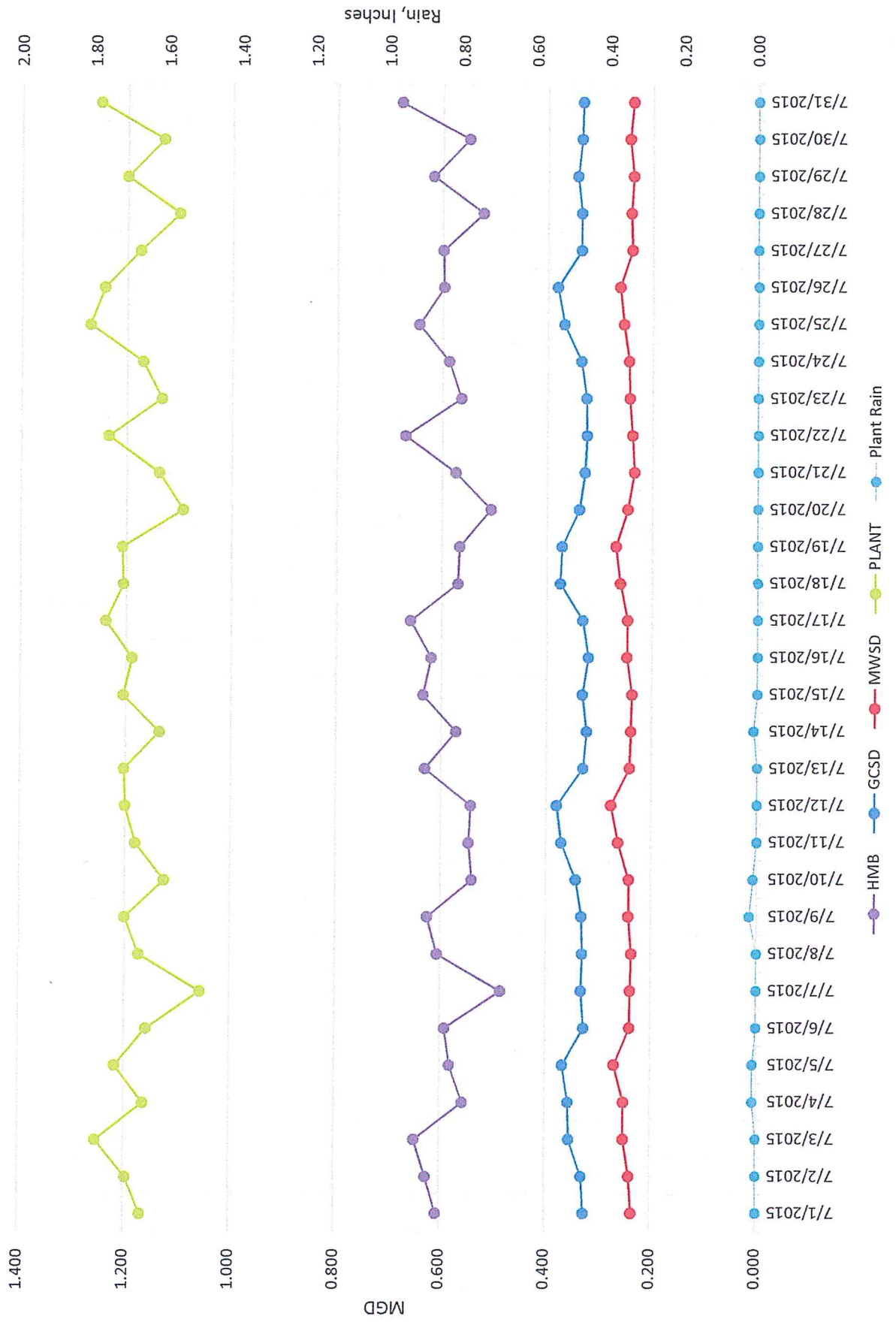
Monthly Flow Distribution Report for July 2015

<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

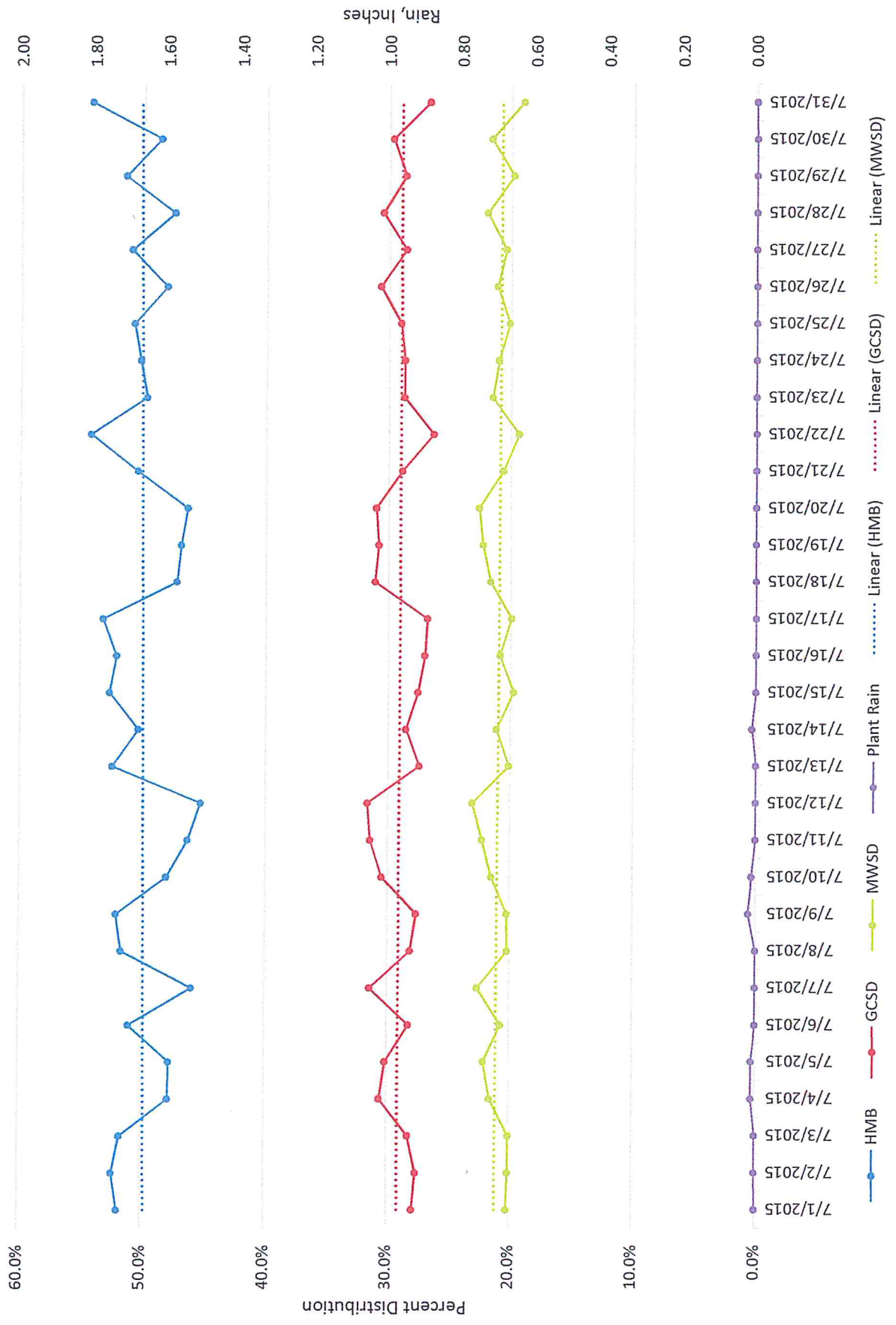
Summary

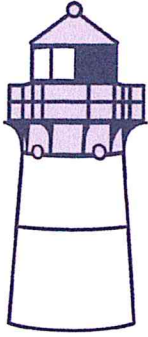
	<u>HMB</u>	<u>GCSD</u>	<u>MWSD</u>	<u>Plant</u>
Minimum	0.486	0.321	0.235	1.057
Average	0.591	0.343	0.247	1.182
Maximum	0.679	0.382	0.277	1.271
Distribution	50.0%	29.0%	20.9%	100.0%

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



Percent Distribution July 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review of Current Investment Portfolio

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

- The District has most of its idle sewer funds deposited in the State of California's Local Agency Investment Fund (LAIF). The Monthly Average interest rate for August 2015 was 0.330%.
- 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: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Connection Permit Applications Received

As of Oct. 1, 2015 the following new Sewer Connection Permit applications were received since the last report:

Date of Application	Property Owner	Site Address	Home Size

As of Oct. 1, 2015 the following new Water (Private Fire Sprinkler) Connection Permit applications were received since the last report:

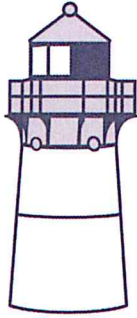
Date of Application	Property Owner	Site Address	Home Size

As of Oct. 1, 2015 the following new Water Connection Permit applications were received since the last report:

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

RECOMMENDATION:

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



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1st, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Water Production Report

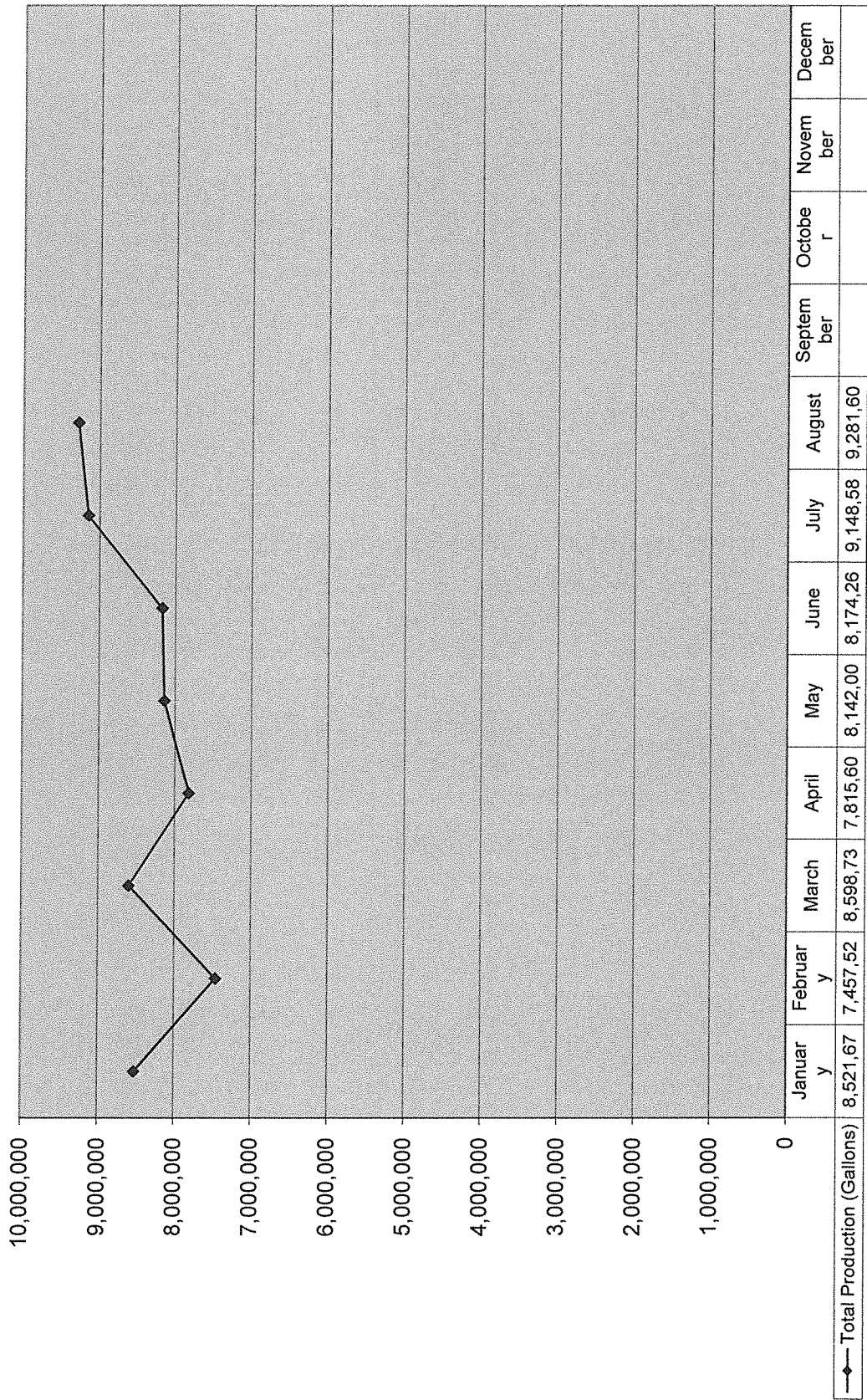
The attached two charts summarize the monthly water production for the District. The first shows a consolidated report from all sources by month. The second shows each water source the District uses, both wells and surface water. The production is shown in gallons of water produced.

RECOMMENDATION:

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

Attachments

Total Production 2015(Gallons)



GALLONS

MONTHLY WATER PRODUCTION 2015

4,500,000

4,000,000

3,500,000

3,000,000

2,500,000

2,000,000

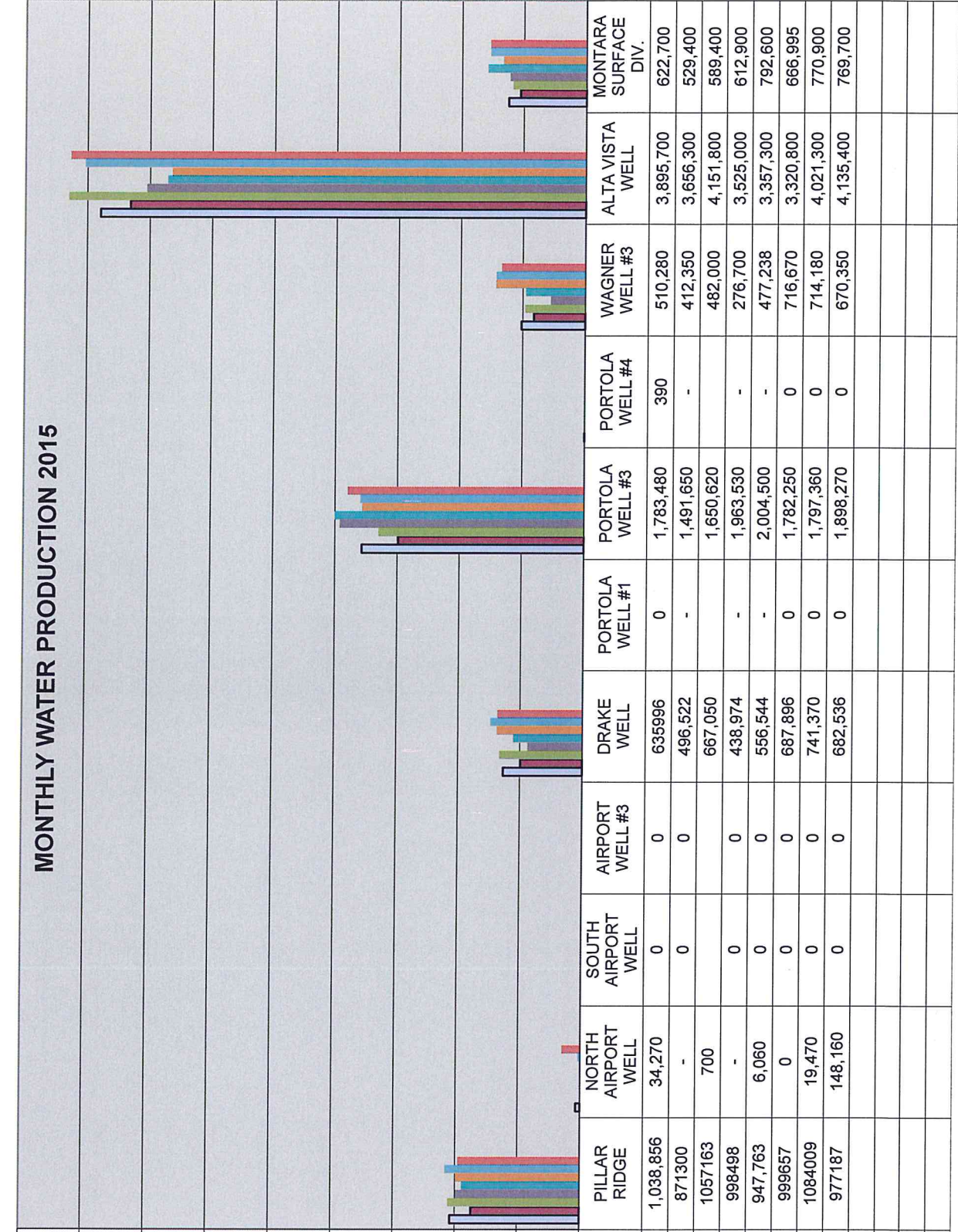
1,500,000

1,000,000

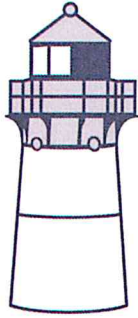
500,000

0

GALLONS



Legend:
 Pillar Ridge (White)
 North Airport Well (Red)
 South Airport Well (Green)
 Airport Well #3 (Blue)
 Drake Well (Purple)
 Portola Well #1 (Black)
 Portola Well #3 (Light Blue)
 Portola Well #4 (Dark Blue)
 Wagner Well #3 (Orange)
 Alta Vista Well (Light Green)
 Montara Surface Div. (Dark Green)



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1st, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

SUBJECT: Rain Report

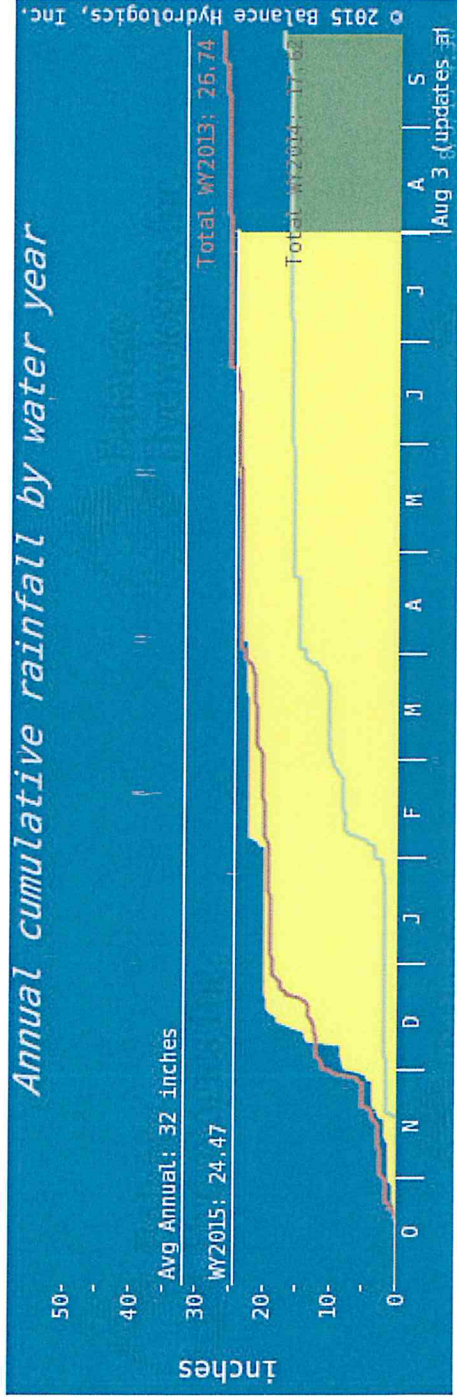
The attached chart shows the monthly rainfall at the Alta Vista Treatment Plant for the current and prior fiscal years along with the seven year average of rainfall.

RECOMMENDATION:

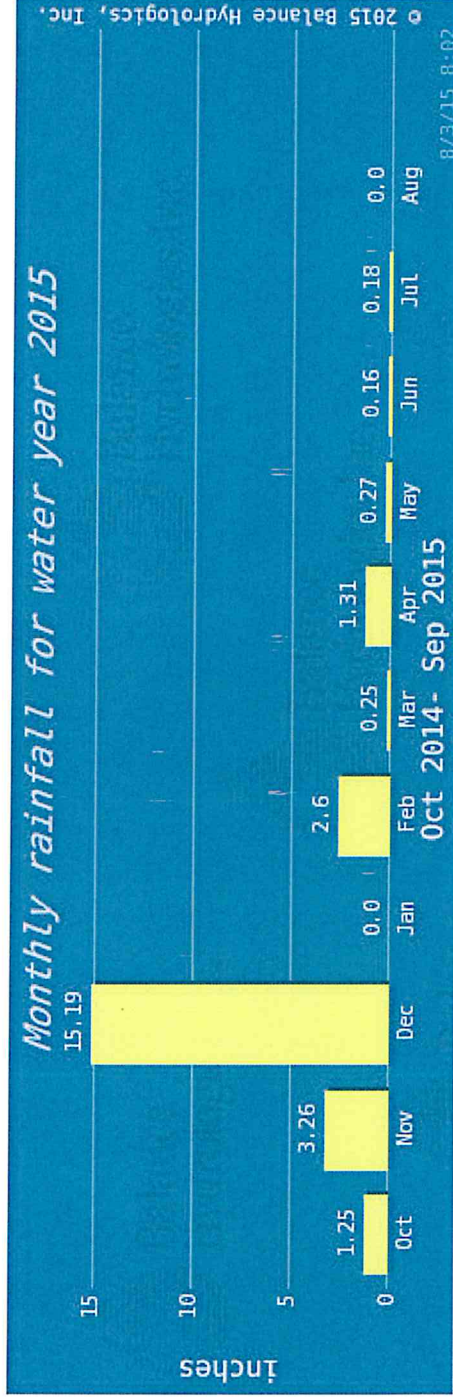
No action is required. This is presented for the Board's information only.

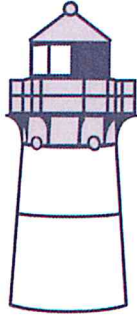
Attachment

Annual Cumulative Rainfall



Monthly Rainfall Report Oct 2014 – Sept 2015





MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1st, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Monthly Solar Energy Report

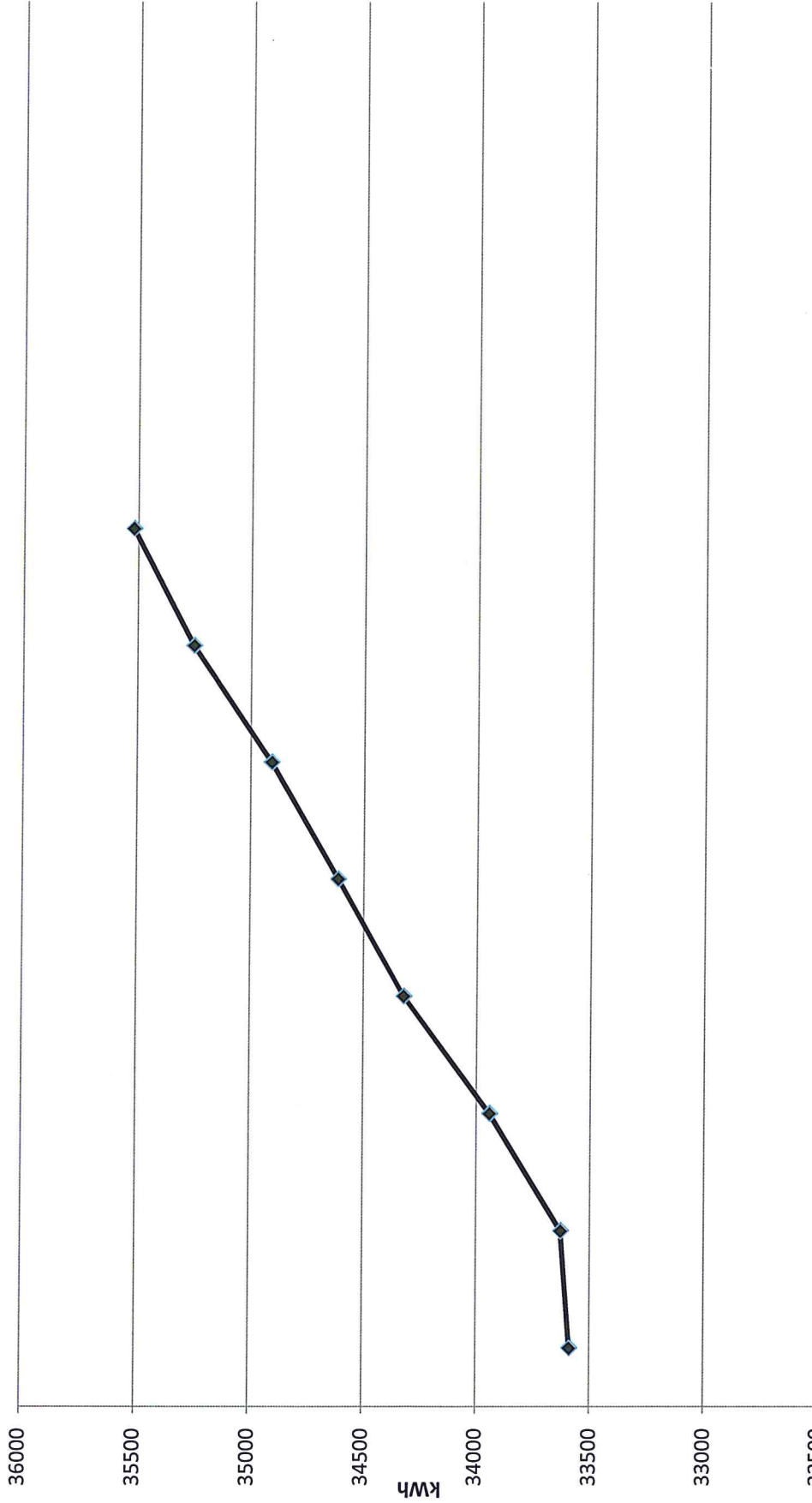
The attached chart summarizes the monthly solar production at the Alta Vista Array. Since the installation of the solar panels the District produced 35518 kWh and saved 60380 lbs of CO₂.

RECOMMENDATION:

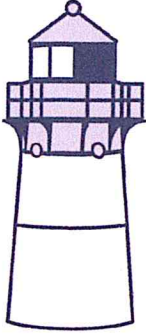
No action is required. This information is presented for the Board's information only.

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	35518				



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

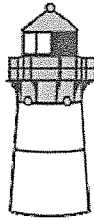
At the last meeting the Board chose to work in the first year with HighMark and selected a passive index fund composition of 90% stocks, 10% bonds with an applied discount rate of 5.5% for the PARS plan. Unfortunately, Highmark does not offer a portfolio with the specific composition.

The closest available option is HighMark's passively managed Capital Appreciation Strategy that offers up to 85% stocks, 15% bonds. Generally, the portfolio works with a range that targets a 75%:25% ratio of stocks and bonds.

The actuarial was asked to prepare a final actuarial evaluation for the Highmark passive Capital Appreciation Strategy with a 5.5% discount rate. The actuarial has now provided a final evaluation that shows the Board selected discount rate, however, Actuarial and PARS recommend a discount rate of 6.5% for the Capital Appreciation Strategy. Upon receipt of the evaluation the Board can change its decision on selection of discount rate.

RECOMMENDATION:

Review the actuarial evaluation and confirm the passively managed Capital Appreciation Strategy, and change the discount rate to 6.5%.



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

BARTEL
ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation

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

September 29, 2015

CONTENTS

<u>Topic</u>	<u>Page</u>
Definitions	1
Benefit Summary	2
Data Summary	3
Actuarial Assumptions and Methods	4
Discount Rate	7
Funding Results	9
Actuarial Certification	11

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.



September 29, 2015



BENEFIT SUMMARY

■ Eligibility	■ Age 62 with 5 years District service
■ Retirement Benefit	■ 2% x Final Pay x benefit service payable at 62 ■ Final Pay is highest average 36 months limited to PEPR limit (\$117,020 in 2015)
■ Service	■ Benefit service is years with District after 7/1/15
■ Death Benefits	■ After 5 years District service – spousal benefit
■ Termination	■ Refund of employee contributions with 3% interest, or ■ Deferred formula benefit calculated at termination
■ Disability	■ Same as termination
■ Employee Contributions	■ ½ of Normal Cost. ■ Calculated as % of pay up to PEPR pay limit. ■ Will depend on discount rate and other actuarial assumptions. ■ Recalculated in each actuarial valuation
■ Service Buy-Back	■ Employees may purchase credit for District service before 7/1/2015 by paying the full actuarial cost.
■ COLA	■ 2% increases per year after retirement
■ Benefit Form	■ Single life annuity, spousal continuation benefits paid by retiree



September 29, 2015



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



September 29, 2015

3



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ June 30, 2015 ■ Determines contributions for fiscal years 2015/16 & 2016/17
■ Investments	■ Highmark's passively managed Capital Appreciation portfolio
■ Discount Rate	<ul style="list-style-type: none"> ■ 6.5% based on Capital Appreciation Fund ■ Net of investment expenses ■ 5.5% selected by Board
■ Payroll Increase	<ul style="list-style-type: none"> ■ Merit Increases – CalPERS 1997-2011 Experience Study ■ Aggregate payroll increase – 3.25%
■ Mortality, Withdrawal, Disability and Retirement	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Mortality projected fully generational with Scale MP2014



September 29, 2015

4



ACTUARIAL METHODS

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



ACTUARIAL METHODS

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DISCOUNT RATE

Asset Allocation

	Target Allocation of PARS Fund
	Capital Appreciation
■ Equity	75%
■ Fixed Income	20%
■ Cash	5%
■ Total	100%



September 29, 2015



DISCOUNT RATE

Discount Rate Development

	PARS Fund: Capital Appreciation	
	50%	55%
Confidence Level¹		
■ Expected Return	7.69%	7.35%
■ Investment Expenses ²	<u>0.80%</u>	<u>0.80%</u>
■ Net Return after Expenses	6.89%	6.55%
■ Recommended Discount Rate		6.50%

¹ Based on 5000-trial stochastic modeling, the long-term average return is expected to be equal or higher than the amount shown 50% or 55% of the time.

² Assumes passive investment strategy.



September 29, 2015



FUNDING RESULTS

Actuarial Obligations

	6/30/15 Valuation	
	6.5% (Capital Appreciation Fund)	5.5% (Board Selected Rate)
■ Discount Rate		
■ Present Value of Benefits		
• Active Employees	\$ 849,004	\$ 1,167,070
• Retirees	<u>0</u>	<u>0</u>
• Total	849,004	1,167,070
■ Actuarial Accrued Liability		
• Total	0	0
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>
■ Unfunded AAL	0	0
■ Funded Ratio	N/A	N/A
■ Employer Normal Cost (middle of year payment)	41,862	51,436



FUNDING RESULTS

Annual Actuarially Determined Contribution (ADC)

	6/30/15 Valuation for 15/16 and 16/17 Contributions	
	6.5% (Capital Appreciation Fund)	5.5% (Board Selected Rate)
■ Discount Rate		
■ ADC - \$		
• Normal Cost (Employer)	\$ 41,862	\$ 51,436
• Administrative expenses paid from Trust	<u>0</u>	<u>0</u>
• Total	41,862	51,436
■ Projected Payroll (unlimited)	539,132	539,132
■ Employee Contribution Rate (% of PEPRA-limited pay)	8.25%	10.25%
■ Total Employer Cost (% total pay)	7.76%	9.54%



ACTUARIAL CERTIFICATION

This report presents the Montara Water and Sanitation District PARS Retirement Plan ("Plan") June 30, 2015 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan's June 30, 2015 Funded Status, and
- Calculate the fiscal years 2015/16 and 2016/17 Actuarially Determined Contributions for purposes of Plan funding.

The information in this report may not be appropriate for purposes other than Plan funding but may be useful to the District for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the District as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Mary Elizabeth Redding, FSA, MAAA, EA
Vice President
Bartel Associates, LLC
September 29, 2015



Katherine Moore, ASA, MAAA
Associate Actuary
Bartel Associates, LLC
September 29, 2015



September 29, 2015



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):

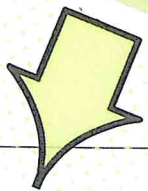
DIVERSIFIED PORTFOLIO

<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:

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

INVESTMENT STRATEGY
SELECTION AND DISCLOSURE
FORM DB PLANS

**SIGN
& DATE**



ACKNOWLEDGED AND APPROVED

<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

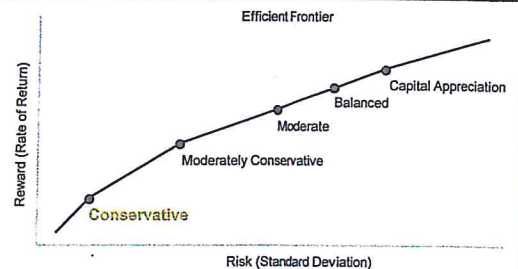
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation 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/Govt, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citl 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% Citl 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Govt, 40% BC Agg, and 5% Citl 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)

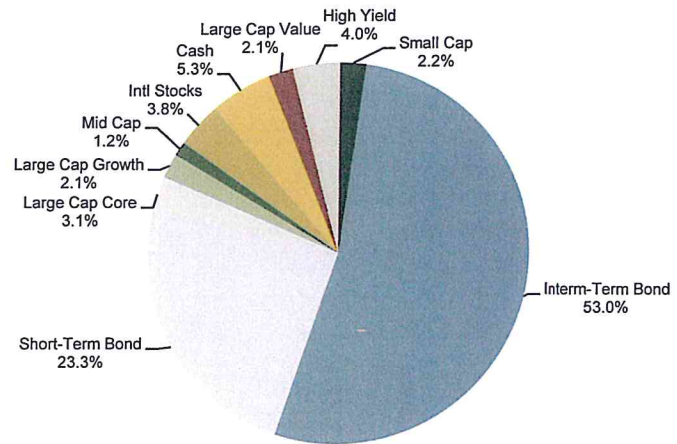
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Baird International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International Stock
- 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. Winshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

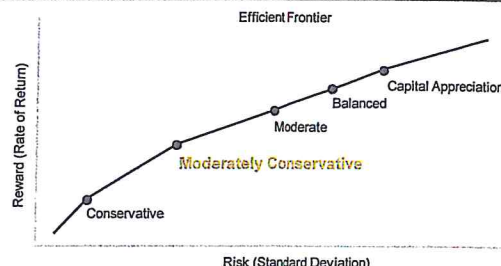
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

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

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/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/Govt, 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)

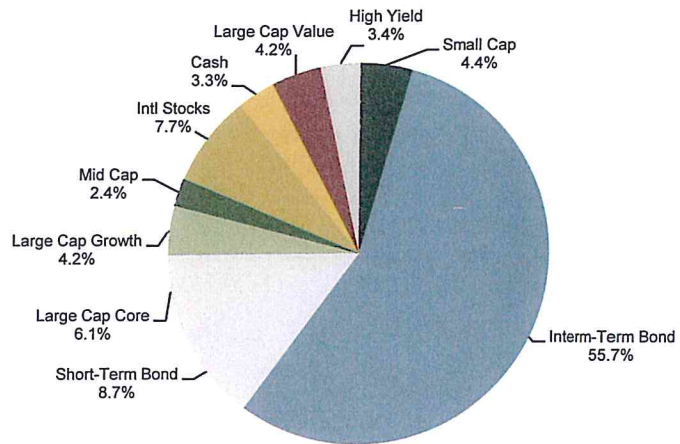
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International 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
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- SPDR Euro Stoxx 50 ETF
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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.

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

WHY THE PARS DIVERSIFIED MODERATE PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

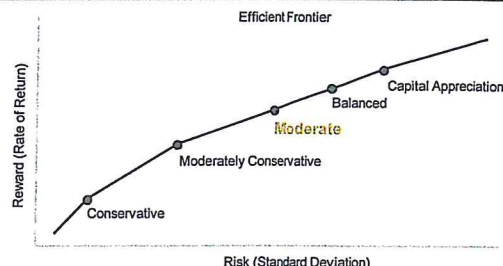
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

Risk Management

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

INVESTMENT OBJECTIVE

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



ASSET ALLOCATION — MODERATE PORTFOLIO

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

ANNUALIZED TOTAL RETURNS

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

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

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/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./Gov't, 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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Andrew Brown, CFA®

Senior Portfolio Manager

Investment Experience: since 1994

HighMark Tenure: since 1997

Education: MBA, University of Southern California; BA, University of Southern California

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Investment Experience: since 1987

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Asset Allocation Committee

Number of Members: 14

Average Years of Experience: 26

Average Tenure (Years): 14

Manager Review Committee

Number of Members: 7

Average Years of Experience: 23

Average Tenure (Years): 11

SAMPLE HOLDINGS

HighMark Plus (Active)

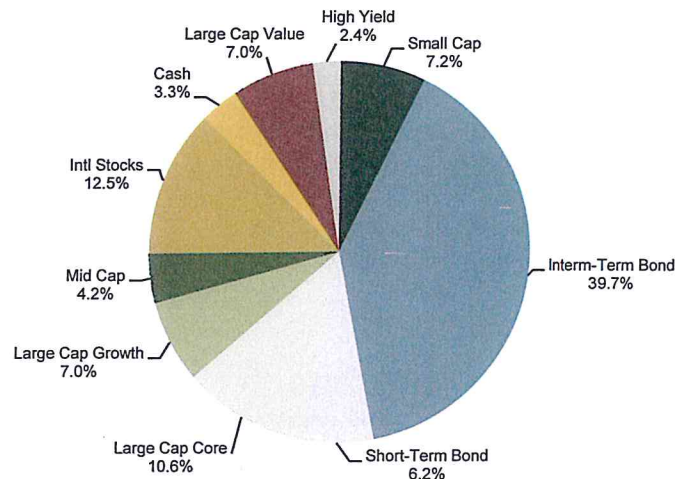
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PIMCO Total Return
Dodge & Cox International Stock
MFS International Growth I
Sentinel Common Stock I
First American Prime Obligation Z
TIAA-CREF Mid Cap Value
Ivy Mid Cap Growth
Harbor Capital Appreciation
Schroder Emerging Market Equity
Dodge & Cox 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
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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 Moderate active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

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

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

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

WHY THE PARS DIVERSIFIED BALANCED 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

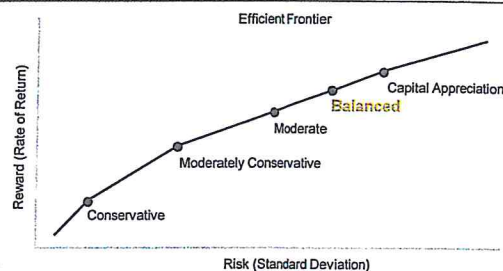
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation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

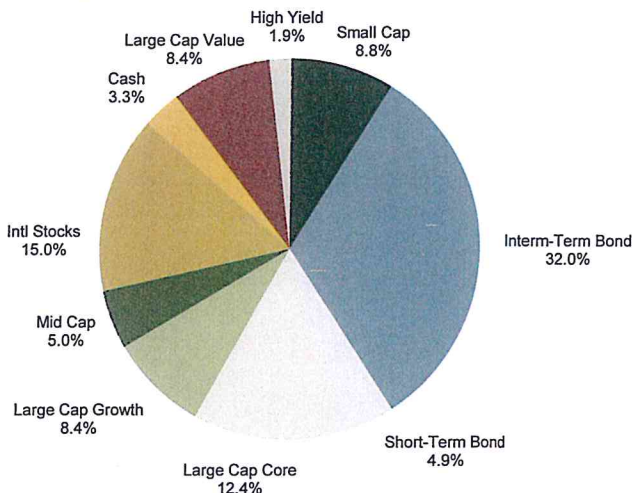
- Columbia Contrarian Core Z
- T. Rowe Price Growth Stock
- Columbia Small Cap Value II Z
- T. Rowe Price New Horizons
- Nationwide Bailard International Equities
- Nationwide HighMark Bond
- Vanguard Short-Term Invest-Grade Adm
- Loomis Sayles Value Y
- PIMCO Total Return
- Dodge & Cox International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



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

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

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wishire 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.

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WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

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

Rigorous Manager Due Diligence

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

Flexible Investment Options

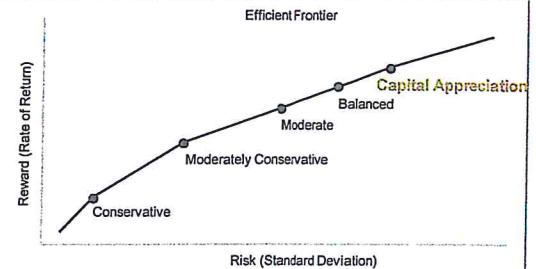
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Risk Management

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%

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

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

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

ANNUAL RETURNS

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

PORTFOLIO FACTS

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

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



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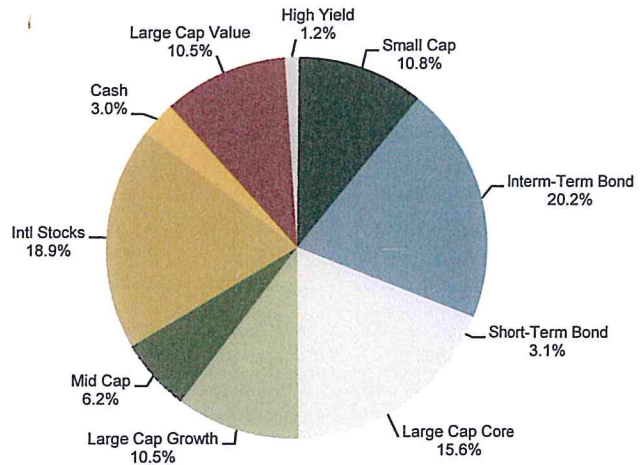
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- Ivy Mid Cap Growth
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- Dodge & Cox Stock
- SPDR Euro Stoxx 50 ETF
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Index Plus (Passive)

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

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

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

PARS Defined Benefit Plan/ HighMark Capital Management

Montara Water and Sanitary District

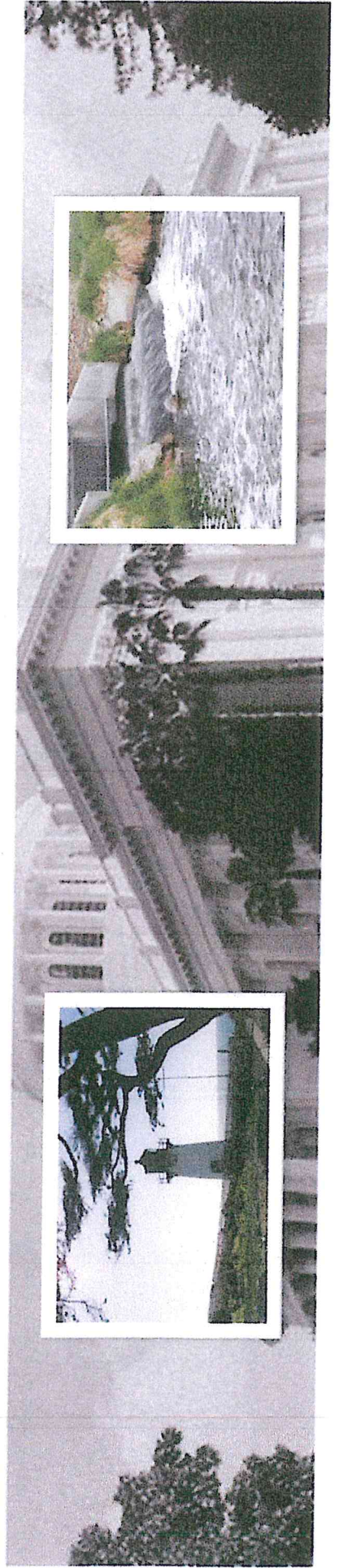
July 27, 2015



PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

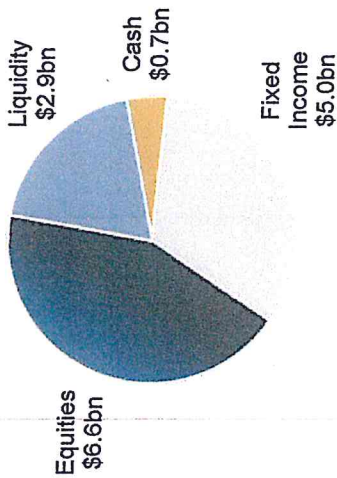
TRUSTED SOLUTIONS. LASTING RESULTS.



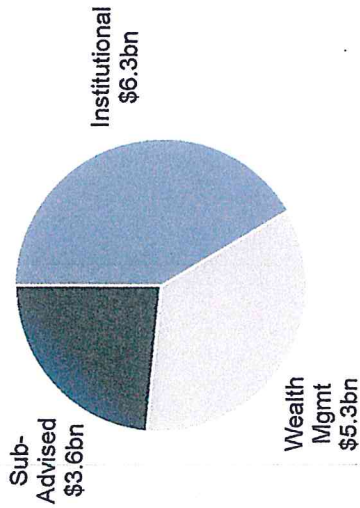
FIRM OVERVIEW

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

Asset Class (\$B)



Client Base (\$B)

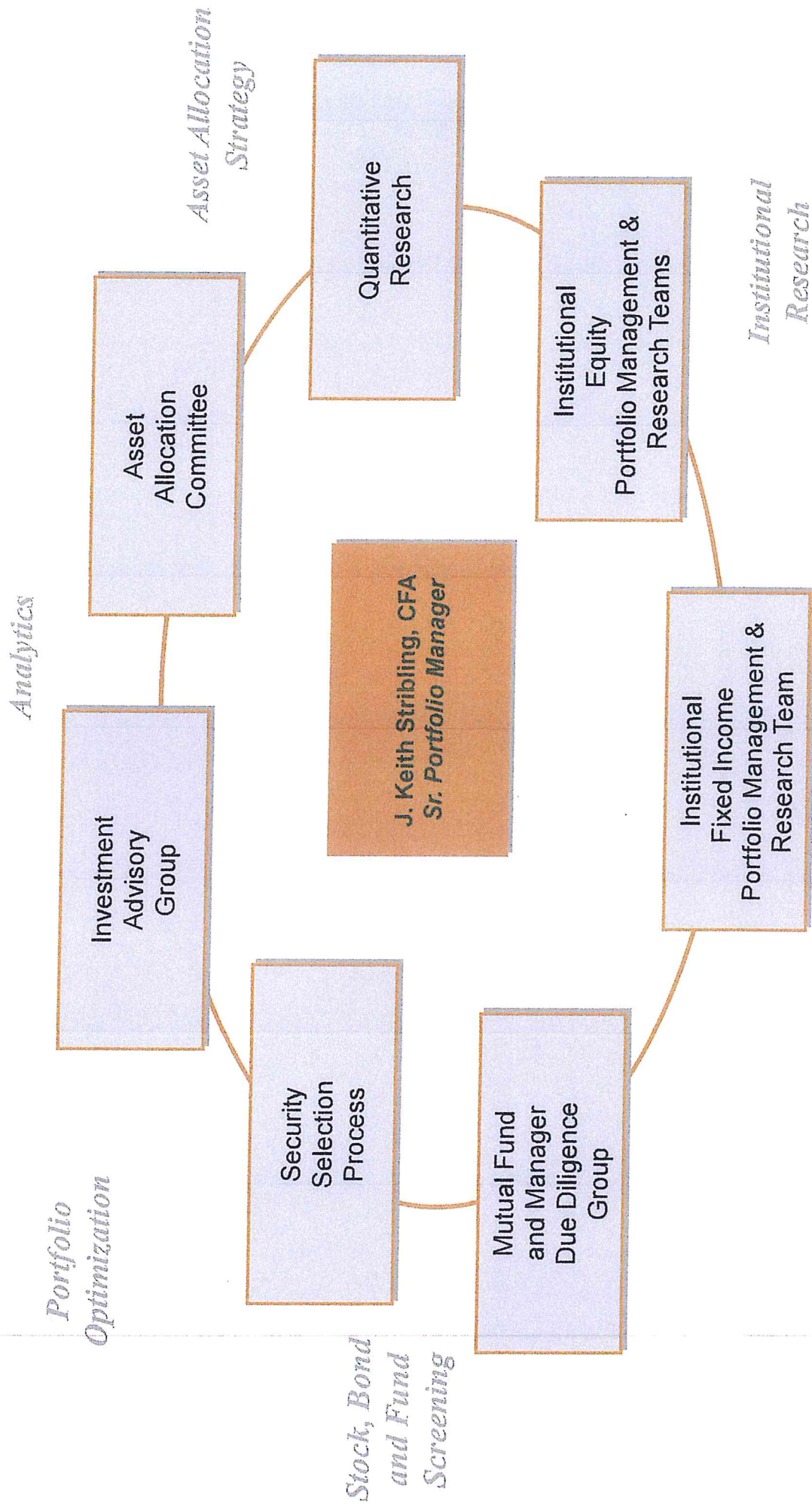


- With its predecessors, HighMark has been focused exclusively on investment management of client's assets since 1919.*
- Registered Investment Adviser with more than \$15.2 billion in assets under management.
- 52 investment professionals with an average of 22 years investment experience.
- 30 professionals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

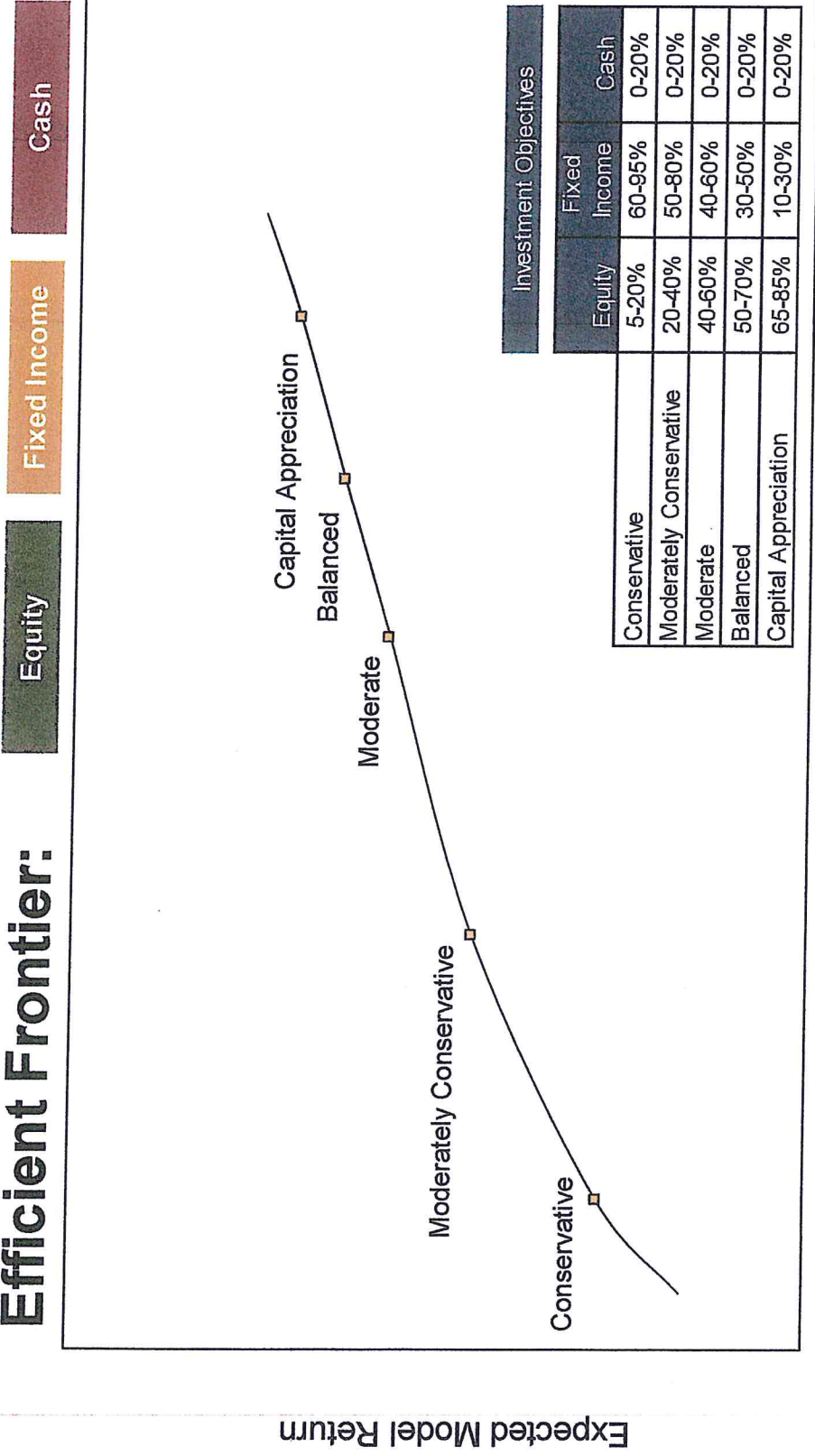
OUR INVESTMENT CAPABILITIES

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.

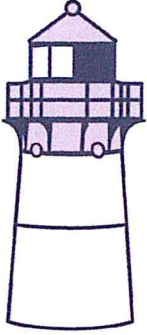
Keith received a BA from Stetson University and is a CFA charterholder.



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 AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

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

**SUBJECT: Review and Possible Action Concerning
Changes to Electronic Recycling Services.**

The recycling services for electronic devices at the recycling events in MWSD are provided by Strawflower Electronics. The business follows permitting and reporting requirements needed to dispose of e-waste.

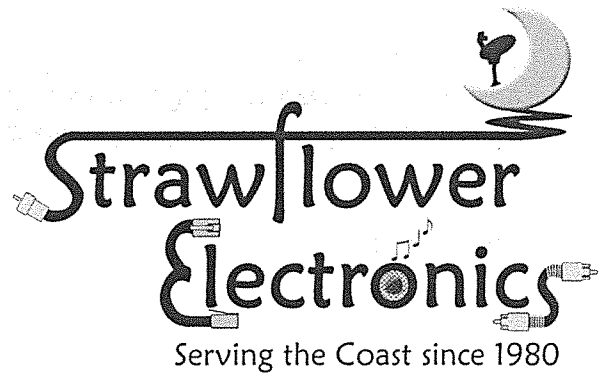
The District received a letter from Strawflower Electronics indicating that costs to provide the service have increased while profits decreased at the same time. Therefore a \$200 per event fee would be required to further support the services currently provided.

After discussion with Recology of the Coast, Chris Porter indicated that the fee will be paid by Recology. Therefore, there will be no direct fiscal impact to the District

RECOMMENDATION:

This item is for information only.

160 San Mateo Road, Suite E
Half Moon Bay, CA 94019
(650) 726-8181
doug@strawflowerelectronics.com



El Granada Sanitary District
P.O. Box 335
El Granada, CA 94018

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

August 24, 2105

Dear Boards,

We need to change the terms of our contract for electronic recycling services at the recycling events. We are sorry to have to write this, but it has become very cost ineffective for us, because of many factors.

1. We need to replace a stolen trailer for an estimate of \$1500 if we continue to participate in events and since the use of said trailer would be about 90% for event purposes, we would simply not choose to replace the trailer if we are no longer participating in events.
2. Our recyclers have been charging costs to us which used to be free. We have been warned that these may increase in the near future.
 - a. Use of gaylords \$4.00/gaylord each time they come to collect.
 - b. Use of pallets \$2.00/pallet.
 - c. Pick up each time they come \$40.00.
 - d. Surcharge of 8.25% for all e-waste collected.
 - e. We no longer get paid for e-waste, only monitors and collection of monitors have dropped as the supply of old monitors people were storing is being used up.
3. Our labor costs have increased and we must employ two people/event.
4. The state has an aggressive policy for checking of e-waste and they randomly call the customers to inquire if they recycled said items. Six times we have gotten chargebacks that we have had to then find paperwork, call customers, get them to call us back and when asked by our staff if they remembered recycling said TV, etc., have always replied, "Yes". When asked if the state had called them, we found out that they had asked if said item had been recycled at our place of business, to which our customers replied, "No", because they recycled at an event, not our store! This takes time and resources and we have repeatedly

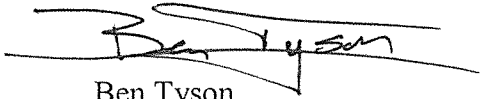
complained to the state about their limited questioning and our service to the state in collecting ewaste, but this problem remains and costs us time.

Since this is now costing us to attend these events, and we must buy a trailer to streamline the extra loading and unloading during an event, we estimate that we need to receive \$200/event at Montara and \$250/event at El Granada to cover our costs, or have you end our contract and give it to someone else.

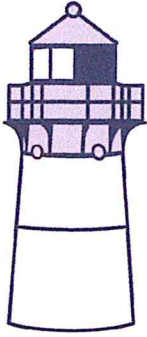
You may wonder why the difference in Montara versus El Granada events? This brings us to the final point about safety. In the El Granada field, the terrain is potentially a hazard, especially while handling heavy, awkward items. It is a field, with holes, rain water (hopefully!), and generally uneven ground, unlike the asphalt in Montara. We have been warned by an attorney that the liability we possess if someone falls is great. Your liability has to be exponentially that much greater. It is a hazard to both customers and employees and could have devastating effects on both which will cost us in increased Workman's Comp Insurance and possibly a lawsuit. This must be addressed and if so, obviously the costs for El Granada events will drop to \$200 per event.

Thank you for your consideration of this. We will await your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Tyson", is written over a horizontal line. The signature is stylized and somewhat cursive.

Ben Tyson
Strawflower Electronics, Inc.



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Prop 218 Notice to Increase 201 Solid Waste Disposal Fees.

In 2013 the District negotiated a contract with increased services, the same weekly pickup of refuse and recycling and biweekly green waste service. Service now also includes standardized containers and single stream recycling.

The franchise agreement with Recology of the Coast requires the District to annually increase the solid waste disposal rates by January 1 in accordance with an agreed upon formula. Pursuant to Article 6, Section 6.02 A of the October 1-2013 franchise agreement Recology of the Coast provided the attached calculations required for the rate increase effective January 1-2016.

After the implementation of the new agreement this is the first year in which a cost based increase will be implemented. The formula results in a 47.8% rate increase with the residential rates adjusting as follows:

	<u>CURRENT RATES</u>	<u>RATES AS OF JAN 1-15</u>
1-20 gallon cart	\$16.15	\$23.87
1-32 gallon cart <u>LOW INCOME</u>	\$16.92	\$25.00
1-32 gallon cart	\$19.91	\$29.43
1-64 gallon cart	\$65.25	\$96.44

Notices will be mailed to all 1728 property owners and customers in Montara and Moss Beach notifying them about the planned rate increase for January 1.

A Public Hearing at which all protests will be formally counted to determine whether or not the proposed rate limits should be approved in accordance with Prop 218 is scheduled for December 3, 2015.

RECOMMENDATION:

Authorize the General Manager to distribute the Prop 218 notice to all property owners in the District.

**Montara
Rate Application
Index Change Calculations**

1. Average change calculation for index CPI - W, series id. cwura422sa0

	May	June	July	August	September	October	November	December	January	February	March	April	Average Change
2013-2014		243.052		242.903		243.711		242.602		245.148		247.932	244.225
2014-2015		250.085		249.877		250.508		247.680		249.809		252.875	250.139
													2.42%

2. Annual change for index CPI - U, series id. cuura422sa0

	May	June	July	August	September	October	November	December	January	February	March	April	Average Change
2013-2014		245.935		246.072		246.617		245.711		248.615		251.495	247.408
2014-2015		253.317		253.354		254.503		252.273		254.910		257.622	254.330
													2.80%

3. Annual average change for index PPI - Fuel Pricing Index, series id. wpu057303

	May	June	July	August	September	October	November	December	January	February	March	April	Average Change
2013-2014	307.7	304.8	311.6	319.3	328.0	318.4	307.0	314.7	308.5	322.0	318.1	318.7	314.900
2014-2015	316.5	308.8	307.8	306.9	302.3	283.4	272.3	229.9	183.9	189.9	194.2	183.3	256.600
													-16.51%

4. Annual average change for Motor Vehicle Maintenance and Repair Index, series id. Cuur0000setd

	May	June	July	August	September	October	November	December	January	February	March	April	Average Change
2013-2014	261.065	261.360	262.229	262.497	262.960	263.085	262.934	263.081	263.718	264.523	264.146	264.508	263.009
2014-2015	265.013	265.656	266.282	266.129	267.256	268.094	268.389	268.586	268.869	269.136	268.907	269.948	267.689
													1.78%

5. CBA Labor Costs

WAGES						CBA Calculated Change
2014	June 2014	253.317				1.70%
2015	April 2015	257.622	1.70%	Change		1.70%

Note - CBA agreement indicates change in rates based on June to June change in CPI-U for all urban consumers with a minimum increase of 2.5% and a maximum increase of 5.0%. Calculation of increase above compares June 2010 to April 2011 as an estimate of the increase. April 2011 was used as the June 2011 index was not available at time of submittal

HEALTH & WELFARE

	10/13 - 12/13	01/14 - 06/14	07/14 - 09/14	Weighted Average	10/14 - 12/14	01/15 - 06/15	07/15 - 09/15	Weighted Average	Change
Health	1,474.90	1,606.90	1,606.90		1,606.90	1,750.90	1,750.90		
RSP	355.27	355.27	398.60		398.60	398.60	441.93		
Total	1,830.17	1,962.17	2,005.50	1,940.00	2,005.50	2,149.50	2,192.83	2,124.33	9.50%

PENSION

	10/13	11/13 - 09/14	Weighted Average	10/14	11/14 - 09/15	Weighted Average	Change
CBA Rate	3.90	4.05	4.04	4.05	4.15	4.14	2.71%

Recology of the Coast
 Monterey MSW/Organics/Recyclables Volumes
 12 Months Ended April 30, 2015

	Mar-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Current Total	Total
Ox Mountain - MSW	270.88	240.93	287.77	293.52	304.27	294.11	222.62	300.75	298.32	218.87	278.24	246.31	3,250.39	3,250.39
San Bruno Transfer Station - MSW	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mussie Rock	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
													3,250.39	3,250.39
Ox Mountain - C&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
													\$ 29.81	\$ 29.81
													94,261.35	96,898.73
Ox Mountain - Dirt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
													\$ 21.00	\$ 21.59
													0.00	0.00

San Bruno Transfer Station - Organics 35.49 46.06 37.31 22.32 27.45 20.44 25.67 40.09 32.10 35.10 29.90 36.71 388.84

San Bruno Transfer Station - Recyclables 89.20 89.20 81.83 74.20 74.41 64.51 67.98 68.37 77.05 80.97 55.57 97.42 970.69

Estimate of San Bruno TIS Recycle volumes
 4 months of activity * 3 = 12 months

	Current	CPI	2016
CURRENT TIPPING FEE			
Current Tipping Fee	\$ 43.26	2.86%	44.47
AB839 - Household Hazardous Waste / Local Enforcement Agency (HRWLEA) - per ton	\$ 5.02	0.00%	5.02
AB839 - Solid Waste Management and Diversion Program (SWM.D.) fee - per ton	\$ 4.81	0.00%	4.81
State AB 1228 Fee - per ton	\$ 1.40	0.00%	1.40
2011 Total Tipping Fee	\$ 54.49		\$ 55.70

Montana
Actual Results from Fiscal Year Completed September 30, 2014
Allocation Methodology

Allocation Category	12/2013		1/2014		2/2014		3/2014		4/2014		5/2014		6/2014		7/2014		8/2014		9/2014		Total		Other	
	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral	Actual	Est. In-Stral
Allocation Statistics	15,247		11,222		4,025		15,247		11,222		4,025		15,247		11,222		4,025		15,247		11,222		4,025	
Single Family Households (S-F HHs)	64		40		24		64		40		24		64		40		24		64		40		24	
Roads	4.0		2.1		1.9		4.0		2.1		1.9		4.0		2.1		1.9		4.0		2.1		1.9	
MSW Tons	13.9		9.1		4.8		13.9		9.1		4.8		13.9		9.1		4.8		13.9		9.1		4.8	
Recycling Tons	6.4		4.0		2.4		6.4		4.0		2.4		6.4		4.0		2.4		6.4		4.0		2.4	
Organics Tons	1.0		0.5		0.5		1.0		0.5		0.5		1.0		0.5		0.5		1.0		0.5		0.5	
Other	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Total Roads	17.5		10.5		6.5		17.5		10.5		6.5		17.5		10.5		6.5		17.5		10.5		6.5	
Tons	11,377		6,312		5,065		11,377		6,312		5,065		11,377		6,312		5,065		11,377		6,312		5,065	
MSW Tons	2,233		1,465.7		785.2		2,233		1,465.7		785.2		2,233		1,465.7		785.2		2,233		1,465.7		785.2	
Recycling Tons	5,261		3,000.0		2,261.0		5,261		3,000.0		2,261.0		5,261		3,000.0		2,261.0		5,261		3,000.0		2,261.0	
Organics Tons	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Other	0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Total Tons	16,638		9,777.7		7,846.2		16,638		9,777.7		7,846.2		16,638		9,777.7		7,846.2		16,638		9,777.7		7,846.2	
Debits Box Hours	757		458		298		757		458		298		757		458		298		757		458		298	
Cost Allocations	569,214		324,814		244,400		569,214		324,814		244,400		569,214		324,814		244,400		569,214		324,814		244,400	
Subtotal - CBA Labor Costs	3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078		3,093,078	
Non-CBA Labor Costs	351,417		351,417		351,417		351,417		351,417		351,417		351,417		351,417		351,417		351,417		351,417		351,417	
Regular Pay	278		278		278		278		278		278		278		278		278		278		278		278	
Over Time Pay	12,766		12,766		12,766		12,766		12,766		12,766		12,766		12,766		12,766		12,766		12,766		12,766	
# of Holidays Worked	192		192		192		192		192		192		192		192		192		192		192		192	
# of Sick Days	24,112		24,112		24,112		24,112		24,112		24,112		24,112		24,112		24,112		24,112		24,112		24,112	
# of Vacation Days	7,119		7,119		7,119		7,119		7,119		7,119		7,119		7,119		7,119		7,119		7,119		7,119	
Other Payroll	326,884		326,884		326,884		326,884		326,884		326,884		326,884		326,884		326,884		326,884		326,884		326,884	
Union Pension Mo.	12,942		12,942		12,942		12,942		12,942		12,942		12,942		12,942		12,942		12,942		12,942		12,942	
Health & Welfare Mo.	91,869		91,869		91,869		91,869		91,869		91,869		91,869		91,869		91,869		91,869		91,869		91,869	
RSP	478,635		478,635		478,635		478,635		478,635		478,635		478,635		478,635		478,635		478,635		478,635		478,635	
Subtotal - Non-CBA Labor Costs	200,718		200,718		200,718		200,718		200,718		200,718		200,718		200,718		200,718		200,718		200,718		200,718	
Welfare Contribution	34,191		34,191		34,191		34,191		34,191		34,191		34,191		34,191		34,191		34,191		34,191		34,191	
CBA Labor	303,128		303,128		303,128		303,128		303,128		303,128		303,128		303,128		303,128		303,128		303,128		303,128	
Non-CBA Labor	162,191		162,191		162,191		162,191		162,191		162,191		162,191		162,191		162,191		162,191		162,191		162,191	
Subtotal - Payroll Taxes	195,252		195,252		195,252		195,252		195,252		195,252		195,252		195,252		195,252		195,252		195,252		195,252	
Vehicle Related Costs	59,709		59,709		59,709		59,709		59,709		59,709		59,709		59,709		59,709		59,709		59,709		59,709	
Tires & Tubes	178,941		178,941		178,941		178,941		178,941		178,941		178,941		178,941		178,941		178,941		178,941		178,941	
Supplies	54,796		54,796		54,796		54,796		54,796		54,796		54,796		54,796		54,796		54,796		54,796		54,796	
Parts	62,244		62,244		62,244		62,244		62,244		62,244		62,244		62,244		62,244		62,244		62,244		62,244	
Travel & Lodging	158,135		158,135		158,135		158,135		158,135		158,135		158,135		158,135		158,135		158,135		158,135		158,135	
Other	515,024		515,024		515,024		515,024		515,024		515,024		515,024		515,024		515,024		515,024		515,024		515,024	
Subtotal - Vehicle Related	390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108	
Fuel Costs	72,962		72,962		72,962		72,962		72,962		72,962		72,962		72,962		72,962		72,962		72,962		72,962	
Oil Costs	617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601	
Transportation	111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000	
Subtotal - Organics Processing	807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753	
Lease Costs	75,862		75,862		75,862		75,862		75,862		75,862		75,862		75,862		75,862		75,862		75,862		75,862	
IC Equipment Lease	617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601	
IC Property Lease	111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000		111,000	
Subtotal - Lease Costs	807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753		807,753	
Other Costs	55,089		55,089		55,089		55,089		55,089		55,089		55,089		55,089		55,089		55,089		55,089		55,089	
IC Insurance	58,638		58,638		58,638		58,638		58,638		58,638		58,638		58,638		58,638		58,638		58,638		58,638	
Insurance Dept Fee	12,800		12,800		12,800		12,800		12,800		12,800		12,800		12,800		12,800		12,800		12,800		12,800	
OS Equipment Rent	303,062		303,062		303,062		303,062		303,062		303,062		303,062		303,062		303,062		303,062		303,062		303,062	
Supplies	8,013		8,013		8,013		8,013		8,013		8,013		8,013		8,013		8,013		8,013		8,013		8,013	
Travel & Meals	19,853		19,853		19,853		19,853		19,853		19,853		19,853		19,853		19,853		19,853		19,853		19,853	
Telephone	9,645		9,645		9,645		9,645		9,645		9,645		9,645		9,645		9,645		9,645		9,645		9,645	
Advertising	7,700		7,700		7,700		7,700		7,700		7,700		7,700		7,700		7,700		7,700		7,700		7,700	
Conferences & Special Events	2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542	
Books & Subscriptions	2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542		2,542	
Subtotal - Other Costs	390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108		390,108	
Total Costs	11,377		6,312		5,065		11,377		6,312		5,065		11,377		6,312		5,065		11,377		6,312		5,065	
IC Equipment Lease	617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601		617,601	
IC Property Lease	111,000		111,000		111,																			

Montara
Actual Results from Fiscal Year Completed September 30, 2014
Allocation Methodology

Allocation Category	12 month		FY 14		FY 13		FY 12	
	Actual	to be Alloc. (See F.O. Stmt)	Total	Other	Total	Other	Total	Other
Single-Family Households (S-F HHs)	15,247	11,222	4,025		15,247.0	11,222.0	4,025.0	
Roads								
MSW Routes	6.4	4.0	2.4	1.4	8.9	6.0	3.0	3.0
Recycling Routes	4.0	2.1	1.9	1.1	6.1	3.1	2.0	2.0
Organics Routes	3.5	3.0	0.5	0.0	3.5	3.0	0.5	0.5
Total Routes	13.9	9.1	4.8	2.4	17.5	12.1	5.5	5.5
Tons								
MSW Tons	13,888	13,888	0	0	13,888	13,888	0	0
Recycle Tons	19,955	19,955	0	0	19,955	19,955	0	0
Organics Tons	18,078	18,078	0	0	18,078	18,078	0	0
Total Tons	51,921	51,921	0	0	51,921	51,921	0	0
Debris Box Hauls								
Cost Allocation	757	488	269		757	488.0	269.0	

Allocation Category	12 month		FY 14		FY 13		FY 12	
	Actual	to be Alloc. (See F.O. Stmt)	Total	Other	Total	Other	Total	Other
Uniforms	18,291	18,291	0	0	18,291	0	18,291	0
Employee Recognition	2,772	2,772	0	0	2,772	0	2,772	0
Planning & Development	1,114	1,114	0	0	1,114	0	1,114	0
Electric Service	53,200	53,200	0	0	53,200	0	53,200	0
Office expenses	17,078	17,078	0	0	17,078	0	17,078	0
Postage	8,804	8,804	0	0	8,804	0	8,804	0
Initial Bid/Award Fee	13,888	13,888	0	0	13,888	0	13,888	0
Taxes - Secured Property	19,955	19,955	0	0	19,955	0	19,955	0
Travel - Secured Property	18,078	18,078	0	0	18,078	0	18,078	0
Annual Charities/Professional Services	35,222	35,222	0	0	35,222	0	35,222	0
Settlement Fees	3,984	3,984	0	0	3,984	0	3,984	0
Safety Meetings	35,010	35,010	0	0	35,010	0	35,010	0
Medical expenses	19,164	19,164	0	0	19,164	0	19,164	0
Bus/Club	1,114	1,114	0	0	1,114	0	1,114	0
Travel - Misc. Charges	53,200	53,200	0	0	53,200	0	53,200	0
Community Outreach	79,410	79,410	0	0	79,410	0	79,410	0
Regional Accounting Fees	62,178	62,178	0	0	62,178	0	62,178	0
Corporate accounting	200,075	200,075	0	0	200,075	0	200,075	0
IT fee	16,448	16,448	0	0	16,448	0	16,448	0
Environmental compliance	53,787	53,787	0	0	53,787	0	53,787	0
Legislative compliance	8,867	8,867	0	0	8,867	0	8,867	0
Subtotal Other Costs	1,280,801	1,280,801	0	0	1,280,801	0	1,280,801	0
Total Annual Cost of Operations:	6,956,889	6,956,889	0	0	6,956,889	0	6,956,889	0
Profit (% Operating Ratio: L.S. 90%):								
Pass-through City Fees	950,693	950,693	0	0	950,693	0	950,693	0
Franchise Fees	200,296	200,296	0	0	200,296	0	200,296	0
Frontiered Park Fee Remediation	35,008	35,008	0	0	35,008	0	35,008	0
2009 Regulatory Fee	237,354	237,354	0	0	237,354	0	237,354	0
Cost of City Fees	950,693	950,693	0	0	950,693	0	950,693	0
Other Pass-throughs - Recyclable Material Processing	200,296	200,296	0	0	200,296	0	200,296	0
Transfer Costs	20,000	20,000	0	0	20,000	0	20,000	0
Transfer Costs	20,000	20,000	0	0	20,000	0	20,000	0
Subtotal - Recycle Mill Processing	237,354	237,354	0	0	237,354	0	237,354	0
Other Pass-throughs	1,400,396	1,400,396	0	0	1,400,396	0	1,400,396	0
Other Pass-throughs - Disposal	9,545,333	9,545,333	0	0	9,545,333	0	9,545,333	0
Total Calculated Costs	17,542,312	17,542,312	0	0	17,542,312	0	17,542,312	0

Montana
Actual Results from Fiscal Year Completed September 30, 2014
Allocation Methodology

Allocation Statistics

Single-Family Households (S-F HHs)

Route	MSW Tons	Recycling Routes	Organics Tons	Other Routes	Total
MSW Routes	1.42	0.025	0.176	1.621	1.621
Recycling Routes	1.46	0.025	0.271	1.756	1.756
Organics Routes	1.06	0	0	1.060	1.060
Other Routes	1.04	0	0	1.040	1.040
Total Routes	0.91	0.025	0.025	0.885	1.015

Debits, Bal. Infr.

Cost Allocations

2014

Total

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4,620

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1,472

4,472

2,324

3,669

5,004

9,238

1,054

9,742

5,114

14,049

20,563

16,414

52,817

4,342

12,369

2,341

234,256

27,525

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ROUTE INFORMATION

MSW	ELG	MON	ORG	ELG	MON	REC	ELG	MON	RESIDENTIAL	COMMERCIAL	DROP BOX	TOTAL	SINGLE FAMILY CUSTOMERS
1.42	0.025	0.176	1.621	1.46	0.025	0.271	1.776	1.060	0.91	0.025	0.025	0.960	1,966
1.46	0.025	0.271	1.776	1.06	0	0	1.060	1.040	0.91	0.025	0.025	0.960	2,035
1.06	0	0	1.060	1.04	0	0	1.040	0.91	0.99	0.025	0.025	1.015	2,025

DLC

Grenada

Montana

Total

3.39

3.51

0.05

0.01

7.447

1.60

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Total Montan Cost

2,435

355

180

2,097

2,274

1,172

1,849

2,524

4,689

532

4,681

2,579

155

1,925

10,205

8,278

26,030

2,190

6,248

7,181

1,181

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Residential

Commercial

Drop Box

Total

645,834

17,592

50,381

70,660

291,090

1,079,516

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EXHIBIT E

RATE ADJUSTMENT METHODOLOGY

1. DEFINITIONS

In addition to the terms defined in Exhibit "A" of this Agreement, the following terms are defined as follows:

1.1 "CPI-U" means the Consumer Price Index, All Urban Consumers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cuura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.2 "CPI-W" means the Consumer Price Index, Urban Wage Earners and Clerical Workers, All Items, Not Seasonally Adjusted, San Francisco-Oakland-San Jose Metropolitan Area (Series Id: cwura422sa0), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.3 "California Gasoline and Diesel Prices Index" means the U.S. Energy Information Administration (EIA), Petroleum and Other Liquids, U.S. On-Highway Diesel Fuel Prices (dollars per gallon) Weekly Retail Gasoline and Diesel Prices, California Diesel Ultra Low Sulfur (0 — 15 ppm) Dollars per Gallon, Period equals Monthly

1.4 "Motor Vehicle Maintenance and Repair Index" means the Consumer Price Index, All Urban Consumers, Motor Vehicle Maintenance and Repair, Not Seasonally Adjusted, U.S. City Average (Series Id: cuur0000setd), compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics.

1.5 "Annual Percentage Change" is calculated as the Average Index Value for the 12-month period ending April 30 of the then-current Rate Year, minus the Average Index Value for the 12-month period ending April 30 of the prior year, and dividing the result by the Average Index Value for the 12-month period ending April 30 of such prior year. The Annual Percentage Change shall be rounded to the nearest hundredth of one percent (e.g., a calculated value of 0.02636 (2.636%) would be rounded to 0.0264 (2.64%)).

1.6 "Average Index Value" for a twelve (12) month period means the sum of the published monthly index values for such period divided by 12 (in the case of indices published monthly) or the sum of the bi-monthly index values for such period divided by 6 (in the case of indices published bi-monthly).

1.7 "Yard Waste Processing Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the processing of source separated Yard Waste Materials at the Yard Waste Processing Facility.

1.8 "Disposal Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the Disposal of Solid Waste (including the Regulatory Fee Component).

1.9 "Recyclables Transfer Station (Load-Out) Fee" or "Recyclables Transfer Station Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the transfer of Recyclable Materials at the Designated Transfer Facility to cover costs related to receipt of materials in Collection vehicles and loading

such materials into long-haul transfer vehicles. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Recyclables Transfer Station Fee shall equal \$6.64 per ton until December 31, 2014, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.6.1 and 4.6.1.

1.10 "Recyclables Transport Fee" for a given period means the highest per-ton fee payable by Contractor during such period for the transportation of Recyclable Materials from the Designated Transfer Facility to the Designated Processing Facility. So long as the Designated Transfer Facility is owned by an Affiliate of Contractor, the Recyclables Transport Fee shall equal \$22.66 per ton until December 31, 2014, and shall thereafter increase by the Annual Percentage Change in the CPI-U and changes in regulatory fees pursuant to Sections 3.6.2 and 4.6.2.

1.11 "Base Component" means, with respect to a given fee, the portion of such fee that represents Contractor's charge for transfer station, transport, processing, composting, or disposal and includes all Contractor's expenses, but excludes the Regulatory Fee Component.

1.12 "Regulatory Fee Component" means, with respect to a given fee, that portion of such fee that represents amounts payable by Contractor for all federal, State, and local fees applied to transfer, transport, processing, composting, or disposal.

If an index is discontinued, the successor index with which it is replaced will be used for subsequent calculations. If no successor index is identified by the Bureau of Labor Statistics, the index published by the Bureau which, in the reasonable opinion of District after conferring with Contractor, is most comparable will be used.

2. COST COMPONENTS

Both index-based and cost-based Rate adjustments are effected by applying various adjustment factors as described herein to the following categories of costs and other amounts, which are referred to herein as "Cost Components" or "Components":

2.1 "CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, who are governed by a collective bargaining agreement, including without limitation: (1) wage costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.2 "Non-CBA Labor Costs" for a given period means the direct and indirect costs incurred by Contractor during such period for Contractor's employees, including supervisory personnel, who are not governed by a collective bargaining agreement, including without limitation: (1) wage and salary costs including costs for regular, overtime, holiday, vacation, and sick wages; (2) health and welfare costs; and (3) pension/retirement benefit costs, but excluding Workers Compensation and Payroll Taxes.

2.3 "Workers Compensation" for a given period means the costs incurred by Contractor during such period for workers compensation insurance premiums.

2.4 "Payroll Taxes" for a given period means the costs incurred by Contractor during such period for payroll taxes.

2.5 "Vehicle-Related Costs" for a given period means direct and indirect costs incurred by Contractor during such period associated with maintenance, repair, licensing and

registration of Contractor's vehicles and equipment, but excluding Fuel Costs and Lease Costs.

2.6 "Fuel Costs" for a given period means the costs incurred by Contractor during such period for fuel.

2.7 "Yard Waste Processing Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Yard Waste Processing Fee) of fees incurred by Contractor during such period for the processing of Yard Waste at the Designated Composting Facility.

2.8 "Lease Costs" for a given period means the costs incurred by Contractor during such period for leases of facilities, vehicles and equipment (including Containers) leased from Affiliates of Contractor.

Leases for new vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 7-year period, and leases for used vehicles and equipment (including Containers) shall fully amortize Contractor's acquisition cost over a 5-year period, in each case based on the date the vehicles or equipment are put into service, and assuming equal monthly payments over the life of the lease. After the 5- or 7-year amortization period, the lease costs shall not be included in subsequent Rate Years. Lease rates shall be calculated at a rate equal to 1.9% plus the rate (as of the date the asset is put into service by Contractor) for Treasury bonds of constant maturity having the same term as the lease term (e.g., 7-year bonds for a 7-year lease term), as such rate appears on the web site of the Federal Reserve Board (<http://www.federalreserve.gov/releases/H15/data.htm>).

2.9 "Other Costs" for a given period means all costs reasonably incurred by Contractor during such period in connection with or arising from Contractor's performance of its obligations under this Agreement, other than (i) costs attributable to the Cost Components set forth in Sections 2.1 through 2.8 above, (ii) Pass-Through Costs, (iv) Calculated Profit, and (v) Non-Allowable Costs.

2.10 "Total Annual Cost of Operations" means the sum of the Cost Components set forth in Sections 2.1 through 2.9 above. Total Annual Cost of Operations is used as a basis for determining Calculated Profit.

2.11 "Calculated Profit" means an estimate of Contractor's profit based on the Operating Ratio of 0.90. Contractor's profit margin with respect to a given amount (e.g., the Total Annual Cost of Operations) is calculated by dividing the given amount by the Operating Ratio, and subtracting from the result the given amount.

2.12 "Other District Fees" means an estimate of the amount of the fees other than the Franchise Fee (if any) payable by Contractor to District pursuant to this Agreement, used for purposes of determining Total Calculated Costs. Other District shall be Pass-Through Costs.

2.13 "Calculated Franchise Fee" means the amount of the Franchise Fee payable by Contractor to District pursuant to Section 3.01.1 of this Agreement, used for purposes of determining the Total Calculated Costs. The Franchise Fee shall be a Pass-Through Cost.

2.14 "Recyclables Transfer Station (Load-Out) Costs" or "Recyclables Transfer Station Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transfer Station Fee) of costs incurred by Contractor during such period for the transfer of Recyclable Materials at the Designated Processing Facility. Recyclables

Transfer Station Costs shall be Pass-Through Costs.

2.15 "Recyclables Transport Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Recyclables Transport Fee) of costs incurred by Contractor during such period for the transport of Recyclable Materials from the Designated Transfer Station to the Designated Processing Facility. Recyclables Transport Costs shall be Pass-Through Costs.

2.16 "Disposal Costs" for a given period means the total dollar amount (e.g., number of Tons multiplied by the per-Ton Disposal Fee) of fees incurred by Contractor during such period for the disposal of Solid Waste at the Designated Disposal Facility. Disposal Costs shall be Pass-Through Costs.

2.17 "Total Calculated Costs" means the sum of the Cost Components set forth in Sections 2.10 through 2.16 above. Total Calculated Costs is used as a basis for determining the Rate Adjustment Factor under the index-based and cost-based Rate adjustment methodologies. Total Calculated Costs does not reflect or in any way guarantee the Gross Receipts that are to be generated by Rates or retained by Contractor.

2.18 "Pass-Through Costs" means the Franchise Fee, Other District Fees, Disposal Costs, Recyclables Transfer Station Costs, Recyclables Transport Costs and Other Pass-Through Adjustments.

3. INDEX-BASED RATE ADJUSTMENT METHODOLOGY

3.1 Summary. The index-based Rate adjustment methodology involves the application of the Annual Percentage Change in various price indices to certain categories of Contractor's Total Annual Cost of Operations for the current Rate Year; the calculation of profit; and the calculation of Other District Fees and Franchise Fees. The difference (measured as a will take effect on January 1, 2015, the Cost Components that make up Total Annual Cost of Operations will be as set forth on Exhibit "F" which components shall be adjusted to the extent any of the circumstances described in Section 6.02.B or Section 6.02.0 occur and such circumstances reasonably increase Contractor's costs of operation.

3.3 Calculation of Adjustments to Cost Components. Each of the Cost Components will be adjusted as follows: percentage) between Total Calculated Costs for the coming Rate Year and Total Calculated Costs for the current Rate Year is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year.

3.2 Determination of Contractor's Costs. With respect to the Cost Components that comprise Total Annual Cost of Operations, the starting point for the adjustment calculations referred to in Section 3.1 is the value of each Cost Component for the Rate Year in which Contractor's Application is submitted (i.e., the current year), as determined in the previous Rate adjustment process. For purposes of Contractor's Application submitted in 2014 to determine the Rates that

3.3.1 CBA Labor Costs. CBA Labor Costs for the coming Rate Year shall be determined by adjusting CBA Labor Costs for the current Rate Year in accordance with the procedures described in the then-current collective bargaining agreement.

3.3.2 Non-CBA Labor Costs. Non-CBA Labor Costs for the coming

Rate Year shall equal Non-CBA Labor Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-W.

3.3.3 Workers Compensation. Workers Compensation for the coming Rate Year shall equal Workers Compensation for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

3.3.4 Payroll Taxes. Payroll Taxes for the coming Rate Year shall equal (i) Payroll Taxes for the current Rate Year multiplied by (ii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 3.3.1 and 3.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the current Rate Year.

3.3.5 Vehicle-Related Costs. Vehicle-Related Costs for the coming Rate Year shall equal Vehicle-Related Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index.

3.3.6 Fuel Costs. Fuel Costs for the coming Rate Year shall equal Fuel Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the California Gasoline and Diesel Prices Index.

3.3.7 Yard Waste Processing Costs. Yard Waste Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Yard Waste Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Yard Waste Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.3.8 Lease Costs. Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.8 above.

3.3.9 Other Costs. Other Costs for the coming Rate Year shall equal Other Costs for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U.

3.3.10 Total Annual Cost of Operations. Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 3.3.1 through 3.3.9 above.

3.4 Calculated Profit. Calculated Profit for the coming Rate Year will be calculated by dividing the Total Annual Cost of Operations for the coming Rate Year (the value calculated in Section 3.3.10 above) by an operating ratio (0.90) and subtracting from the result the Total Annual Cost of Operations for the coming Rate Year.

3.5 Total District Fees. The Total District Fees for the coming Rate Year shall equal the sum of the Franchise Fee and Other District Fees for the coming Rate Year.

3.6 Other Pass-Through Adjustments. Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 3.6.1 through 3.6.3 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by District and Contractor to be "Other Pass-Through Adjustments" hereunder.

3.6.1 Recyclables Transfer Station (Load-Out) Costs. Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.6.2 Recyclables Transport Costs. Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.6.3 Disposal Costs. Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

3.7 Total Calculated Costs. The Total Calculated Costs for the coming Rate Year shall equal the sum of the Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 3.3.10 above), Calculated Profit for the coming Rate Year (as calculated in Section 3.4 above), Total District Fees for the coming Rate Year (as calculated in Section 3.5 above), and Other Pass-Through Adjustments for the coming Rate Year (as calculated in Section 3.6 above).

3.8 Adjustment of Rates. The Rate Adjustment Factor for the coming Rate Year shall equal Total Calculated Costs for the coming Rate Year (as calculated in Section 3.7 above) divided by Total Calculated Costs for the current Rate Year, which shall be rounded to the nearest thousandth. Each then-effective Rate, as set forth on Exhibit "D", shall be multiplied by the Rate Adjustment Factor to calculate the effective Rate for the coming Rate Year. The adjustment to each Rate shall be rounded to the nearest cent.

4. COST-BASED RATE ADJUSTMENT METHODOLOGY

4.1 Summary. The cost-based Rate adjustment methodology involves: review of Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year; allocation of those costs to the Cost Components that comprise Total Annual Cost of Operations; the application of the Annual Percentage Change in various price indices to those Cost Components to reflect a 2-year increase (i.e., the period from the most recently completed Fiscal Year to the coming Rate Year); the calculation of Calculated Profit for the coming Rate Year based on Total Annual Cost of Operations; the calculation of the Calculated Franchise Fee for the coming Rate Year based on Total Annual Cost of Operations plus Calculated Profit plus Other District Fees and Other Pass-Through Adjustments; and the pass-through of Other District Fees and other actual or reasonably expected changes in costs, if any, to determine Total Calculated Costs for the coming Rate Year. The difference (measured as a percentage) between Total Calculated Costs for the coming Rate Year and total Billings for the most-recently completed twelve (12) month period ending April 30 (adjusted to reflect the most recent Rate adjustment) is the Rate Adjustment Factor. The Rate Adjustment Factor is applied to the current Rates to determine the Rates for the coming Rate Year.

4.2 Determination of Contractor's Costs. Contractor's actual, allowable and allocated Total Calculated Costs from Contractor's most recently completed Fiscal Year shall be derived from Contractor's audited financial statements for such Fiscal Year, in accordance with the following steps:

4.21 Allocation Across Franchises. First, Contractor shall allocate its costs as set forth in such financial statements among the different jurisdictions to which Contractor provided services during the Fiscal Year. The amount of costs allocated to this Agreement shall be determined for each cost component described in Section 2 using one of the following allocation factors:

(a) Route allocation factor - Percentage of routes attributable to the District compared to total routes operated by Contractor, which shall be calculated as the number of routes Contractor operates to serve the District divided by the total routes Contractor operates to serve all jurisdictions, multiplied by 100.

(b) Single-Family Customer allocation factor - Percentage of Single-Family Customers in the District compared to the total Single-Family Customers served by the Contractor, which shall be calculated as the total number of Single-Family Customers served by Contractor under this Agreement, divided by the total number of Single-Family Customers served by Contractor in all jurisdictions, multiplied by 100. If Contractor expands its services to other areas in addition to Pacifica, Montara, and Granada, the District reserves the right to request that the Single-Family Customer allocation factor be modified to an allocation factor based on the total Customers including residential and commercial Customers.

(c) Tonnage allocation factor — Percentage of Tonnage of Solid Waste, Recyclable Materials and Yard Waste Collected by Contractor from District, compared to total Tonnage of Solid Waste, Recyclable Materials and Yard Waste, respectively, Collected by Contractor, which shall be calculated as the total number of Tons of the applicable materials type Collected by Contractor from District, divided by the total number of Tons of such materials type collected by Contractor from all jurisdictions, multiplied by 100.

(d) Drop box hauls allocation factor — Percentage of drop box hauls from District, compared to total hauls, which shall be calculated as the total number of hauls by Contractor from District, divided by the total number of hauls by Contractor from all jurisdictions, multiplied by 100.

The route allocation factor will be applied to all costs with the exception of (i) Other Costs, which shall be allocated using the Single-Family Customer allocation factor, (ii) Disposal Costs, which shall be allocated using the Solid Waste Tonnage allocation factor, (iii) Recyclables Transfer Station Costs and Recyclables Transport Costs, which shall be allocated using the Recyclables Tonnage allocation factor, and (iv) Yard Waste Processing Costs, which shall be allocated using the Yard Waste Tonnage allocation factor.

The allocation factors shall be calculated using the then-current route information, Customer account data and tonnage information. Based on such allocations, Contractor shall prepare a pro forma financial statement which reflects Contractor's costs of performing its obligations under this Agreement for such Fiscal Year.

4.2.2 Removal of Non-Allowable Costs. Second, Contractor shall adjust such pro forma financial statement by excluding therefrom all Non-Allowable Costs. "Non-Allowable Costs" means the following:

(a) Labor costs attributable to Contractor's employees who are governed by a collective

bargaining agreement resulting from adjustments to wages, health and welfare, and pension/retirement costs that are in excess of the adjustment made in accordance with the procedures described in the then-current collective bargaining agreement.

(b) Payments to directors and/or owners of Contractor, unless paid as reasonable compensation for services actually rendered.

(c) Travel expenses and entertainment expenses (above \$5,000 annually in total), unless authorized in advance by District.

(d) Payments, not covered by insurance, to repair damage to property of third parties or District for which Contractor is legally liable.

(e) Fines for penalties of any nature.

(f) Liquidated damages assessed under this Agreement.

(g) Federal or State income taxes.

(h) Charitable or political donations.

(i) Lease costs in excess of those determined in accordance with the preapproved methods described in Section 2.8.

(j) Attorney's fees and other expenses incurred by Contractor in any court proceeding in which District and Contractor are adverse Parties, unless Contractor is the prevailing Party in such proceeding.

(k) Attorney's fees and other expenses incurred by Contractor arising from any act or omission of Contractor in violation of this Agreement.

(l) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which Contractor's own negligence, violation of law or regulation, or willful misconduct are in issue and occasion, in whole or in part, the attorneys' fees and expenses claimed.

(m) Attorneys' fees and other expenses incurred by Contractor in any court proceeding in which the legal theory or statute providing a basis of liability against Contractor also provides for separate potential liability for District derived from the action of its citizens or ratepayers (such as in a CERCLA lawsuit) unless Contractor is found not liable in such claims.

(n) Payments to Related Party Entities for products or services in excess of (1) in the case of transactions other than Permitted Related Party Transactions, the cost to the Related Party Entity for those products or services, or (2) in the case of Permitted Related Party Transactions, the applicable amounts set forth in this Agreement for such transactions (such as the Recyclables Transfer Station Fee, the Recyclables Transport Fee, and Lease Costs).

(o) Goodwill.

(p) Costs of the Contractor's Employee Stock Ownership Plan.

(q) Depreciation and interest expenses because Contractor plans to lease equipment rather than purchase.

(r) Corporate and regional overhead costs greater than five and seven tenths percent (5.7%) of Total Annual Cost of Operations for the most-recently completed twelve (12) month period ending April 30. This cap on costs applies to the sum total of the following line item expenses: regional accounting fees, regional management fees, corporate accounting, IT fee, environmental compliance, human resources fee, corporate management, and public relations.

(s) Bad debt write-offs in excess of three percent (3.0%) of Gross Receipts for the most-recently completed twelve (12) month period ending April 30.

(t) Incremental costs (i.e., labor, fuel and other truck costs) attributed to delivering Solid Waste or Yard Waste to a disposal, processing or transfer facility other than the Ox Mountain Sanitary Landfill for any period when such other facility is used for Solid Waste or Yard Waste for any reason other than the unavailability of the Ox Mountain Sanitary Landfill (it being understood that if the Ox Mountain Sanitary Landfill is unavailable, such

costs and any associated Rate adjustment shall be determined pursuant to Section 6.02.C).

4.2.3 Allocation to Cost Components. Third, Contractor shall allocate the costs set forth in the adjusted pro forma financial statement prepared pursuant to Section 4.2.2 to each of the 12 Cost Components that make up Contractor's Total Annual Costs of Operations (taking into account the fact that Lease Costs are determined as set forth in Section 2.8).

4.3 Calculation of Adjustments to Cost Components. Calculated Total Cost for the coming Rate Year shall be derived from the Cost Components that make up Contractor's Total Annual Cost of Operations for the Fiscal Year as determined in Section 4.2.3, in the manner set forth below:

4.3.1 CBA Labor Costs. CBA Labor Costs for the coming Rate Year shall be determined by adjusting Allowable CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above adjusted in accordance with the procedures described in the then-current collective bargaining agreement, for the two (2) year period from the previous Fiscal Year to the coming Rate Year.

4.3.2 Non-CBA Labor Costs. Non-CBA Labor Costs for the coming Rate Year shall equal Allowable Non-CBA Labor Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-W, and multiplying the result by (ii) the same number used in clause (i).

4.3.3 Workers Compensation. Workers Compensation for the coming Rate Year shall equal Allowable Workers Compensation for previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

4.3.4 Payroll Taxes. Payroll Taxes for the coming Rate Year shall equal (i) Allowable Payroll Taxes for the previous Fiscal Year determined in accordance with Section 4.2 above, multiplied by (ii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the coming Rate Year, determined in accordance with Sections 4.3.1 and 4.3.2, respectively, and divided by (iii) the sum of CBA Labor Costs and Non-CBA Labor Costs for the previous Fiscal Year.

4.3.5 Vehicle-Related Costs. Vehicle-Related Costs for the coming Rate Year shall equal Allowable Vehicle-Related Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the Motor Vehicle Maintenance and Repair Index, and multiplying the result by (ii) the same number used in clause (i).

4.3.6 Fuel Costs. Fuel Costs for the coming Rate Year shall equal Allowable Fuel Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the California Gasoline and Diesel Prices Index, and multiplying the result by (ii) the same number used in clause (i).

4.3.7 Yard Waste Processing Costs. Yard Waste Processing Costs for the coming Rate Year shall equal (i) the Base Component of the Yard Waste Processing Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees, multiplied by (ii) the total Tons of Yard Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.3.8 Lease Costs. Lease Costs for the coming Rate Year shall be determined in accordance with Section 2.8 above.

4.3.9 Other Costs. Other Costs for the coming Rate Year shall equal Allowable Other Costs for the previous Fiscal Year determined in accordance with Section 4.2 above multiplied by (i) one (1) plus the Annual Percentage Change in the CPI-U, and multiplying the result by (ii) the same number used in clause (i).

4.3.10 Total Annual Cost of Operations. Total Annual Cost of Operations for the coming Rate Year shall equal the sum of the amounts calculated in Sections 4.3.1 through 4.3.9 above.

4.4 Calculated Profit. Calculated Profit for the coming Rate Year shall equal Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.10 above) divided by the Operating Ratio, and subtracting from the result Total Annual Cost of Operations for the coming Rate Year.

4.5 Total District Fees. The Total District Fees for the coming Rate Year shall equal the sum of the Franchise Fee and Other District Fees for the coming Rate Year.

4.6 Other Pass-Through Adjustments. Other Pass-Through Adjustments for the coming Rate Year shall equal (i) the sum of the costs calculated in items 4.6.1 through 4.6.3 below, plus (ii) any amounts (actual or reasonably estimated) not included in Total Annual Cost of Operations for which Contractor is entitled to reimbursement through the Rate adjustment mechanism, plus (iii) any other amounts mutually agreed by District and Contractor to be "Other Pass-Through Adjustments" hereunder.

4.6.1 Recyclables Transfer Station (Load-Out) Costs. Recyclables Transfer Station Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transfer Station Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transfer Station Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.2 Recyclables Transport Costs. Recyclables Transport Costs for the coming Rate Year shall equal (i) the Base Component of the Recyclables Transport Fee for the current Rate Year multiplied by one (1) plus the Annual Percentage Change in the CPI-U plus the sum of the then-current (or known future) Regulatory Fees of the Regulatory Fee Component of the Recyclables Transport Fee, multiplied by (ii) the total Tons of Recyclable Materials Collected by Contractor for the most-recently completed 12-month period ending April 30.

4.6.3 Disposal Costs. Disposal Costs for the coming Rate Year shall equal the per-Ton Disposal Fee at the Designated Disposal Facility for the coming Rate Year multiplied by the total Tons of Solid Waste Collected by Contractor for the most-recently completed 12-month period ending April 30.

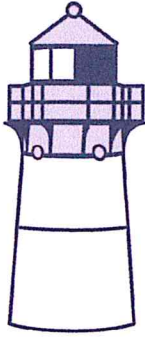
4.7 Total Calculated Costs. Total Calculated Costs for the coming Rate Year shall equal the sum of Total Annual Cost of Operations for the coming Rate Year (as calculated in Section 4.3.10 above), Calculated Profit for the coming Rate Year (as calculated in Section 4.4 above), Total District Fees for the coming Rate Year (as calculated in Section 4.5 above), and Other Pass-Through Adjustments for the coming Rate

included disposal fees, franchise fees and other District fees)

O.R Operating Ratio - 90% is Recology operating ratio to get guaranteed return of 10% on allowable expenses which do not include any pass through expenses. (DowJones 2011-2013 9.7% non guranteed)

Type of possible expense/revenue category breakdown

Costs	Revenue
Service Delivery Labor	Residential Solid Waste
Vehicle Related	Non-Residential Solid Waste
Vehicle Depreciation	Recycling
Non Vehicle Maintenance	Debris Boxes
Non Vehicle Depreciation	
Disposal / Recycling fees	
Franchise Fee	
Administrative Support Labor	
Lease	
Administrative	



MONTARA WATER AND SANITARY DISTRICT AGENDA

For Meeting Of: **October 1, 2015**

TO: BOARD OF DIRECTORS

FROM: Clemens Heldmaier, General Manager

SUBJECT: Review and Possible Action Concerning Application to Local Agency Formation Commission for Extra Jurisdictional Service for MWSD to Provide Water Service to Big Wave.

On May 19, 2015, the San Mateo County Board of Supervisors certified an Addendum to the certified Draft Environmental Impact Report and Final Environmental Impact Report for the "North Parcel Alternative" (NPA) of the Big Wave development comprised of a wellness center for developmentally disabled adults and an associated business park. The NPA is a scaled-down version of an earlier proposal that had been approved by the Board of Supervisors in 2011. However, a number of lawsuits were filed contesting that approval, as a result of which and following extensive negotiations, the developer proposed the NPA. The County's approval of the NPA is conditioned on the provision of water service to the development by the Montara Water and Sanitary District (MWSD).

The Big Wave development is located outside MWSD's boundaries. In order to provide water service to the development it is necessary to amend MWSD's Sphere of Influence and to obtain authorization for extra jurisdictional service from the San Mateo County Local Agency Formation Commission (LAFCo). The Board of Supervisors' approval of the NPA is conditioned upon LAFCo's approvals in that regard..

The attached resolution initiates the formal LAFCo proceedings.

RECOMMENDATION:

Adopt RESOLUTION NO. _____, RESOLUTION OF APPLICATION OF THE MONTARA WATER AND SANITARY DISTRICT REQUESTING A SPHERE OF INFLUENCE AMENDMENT OF THE MONTARA WATER AND SANITARY DISTRICT AND COASTSIDE COUNTY WATER DISTRICT AND LOCAL AGENCY FORMATION COMMISSION APPROVAL FOR EXTENSION OF SERVICES OUTSIDE JURISDICTIONAL BOUNDARIES TO THE BIG WAVE LLP NORTH PARCEL ALTERNATIVE PURSUANT TO GOVERNMENT CODE SECTION 56133

Attachment

RESOLUTION NO. _____

RESOLUTION OF APPLICATION OF THE MONTARA WATER AND SANITARY DISTRICT REQUESTING A SPHERE OF INFLUENCE AMENDMENT OF THE MONTARA WATER AND SANITARY DISTRICT AND COASTSIDE COUNTY WATER DISTRICT AND LOCAL AGENCY FORMATION COMMISSION APPROVAL FOR EXTENSION OF SERVICES OUTSIDE JURISDICTIONAL BOUNDARIES TO THE BIG WAVE LLP NORTH PARCEL ALTERNATIVE PURSUANT TO GOVERNMENT CODE SECTION 56133

WHEREAS, the Montara Water and Sanitary District ("MWSD") has been requested to provide water service to a project entitled, "Big Wave Wellness Center and Office Park, North Parcel Alternative" ("NPA"); and

WHEREAS, on May 19, 2015, the Board of Supervisors, County of San Mateo, California, certified an Addendum to the certified Draft Environmental Impact Report and Final Environmental Impact Report for the NPA pursuant to the California Environmental Quality Act ("CEQA;" Pub. Res. C. §21000 et seq.) and approved permits and other entitlements providing for the development of the NPA; and

WHEREAS, the Board's conditions of approval for the NPA require provision of water services to the NPA by MWSD; and

WHEREAS, the water services are described in the attached "Plan for Providing Service"; and

WHEREAS, the Board of Supervisors' findings Regarding Environmental Review of the NPA are hereby incorporated herein as findings of this Board with regard to provision of water service to the NPA by MWSD; and

WHEREAS, the NPA is currently located outside the corporate boundaries of MWSD and MWSD's Sphere of Influence; and

WHEREAS, in order to provide water service to the NPA the Spheres of Influence of MWSD and Coastside County Water District must be amended and extraterritorial service by MWSD must be permitted by the San Mateo County Local Agency Formation Commission; and

WHEREAS, the NPA will provide housing and employment for developmentally disabled adults and therefore promotes environmental justice, defined in Government

Code Section 56668(p) as the fair treatment of all people of all races, cultures and incomes with respect to the location of public facilities and provision of public services; and

WHEREAS, the NPA also furthers the County of San Mateo's progress in meeting the County's respective share of regional housing needs as determined by the Association of Bay Area Governments; and

WHEREAS, the Board of Supervisors' approval of the NPA, as conditioned on amendment of the Spheres of Influence of MWSD and the Coastside County Water District and the extension of water service by MWSD to serve the NPA, accommodates limited growth through the provision of services by a local agency which can best accommodate and provide a necessary governmental service and housing for persons and families of all incomes in the most efficient manner feasible consistent with the Legislature's findings and declaration of policy underlying the authority granted to Local Agency Formation Commissions pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. C. §56000 et seq.; see, §56001); and

WHEREAS, amendment of the Spheres of Influence in accordance with the approval of the NPA by the Board of Supervisors and the corresponding application made hereby will not preclude implementation of Sphere policies within the authority of the San Mateo County Local Agency Formation Commission; and

WHEREAS, the technical reports and other documents submitted by MWSD included in the administrative record of the proceedings of the Board of Supervisors substantiate and confirm the present and timely future availability of water supplies for the projected needs of the NPA;

NOW THEREFORE,

BE IT RESOLVED BY THE BOARD OF THE MONTARA WATER AND SANITARY DISTRICT AS FOLLOWS:

1. The foregoing recitals are incorporated herein by reference as true statements of fact.

2. The Local Agency Formation Commission of San Mateo County is hereby requested to take proceedings in the manner provided by Title 5, Division 3, Part 2, Chapter 4 (commencing with §56425) of the Government Code to amend the Spheres

of Influence of MWSD and Coastside County Water District to include the NPA within MWSD's Sphere.

3. The Local Agency Formation Commission of San Mateo County is hereby further requested to take proceedings in the manner provided by Government Code Section 56133 to authorize MWSD to provide water service outside its jurisdictional boundaries to serve the NPA.

4. The District Secretary is hereby authorized and directed to transmit a certified copy of this resolution to the County of San Mateo Local Agency Formation Commission.

President, Montara Water and Sanitary District

COUNTERSIGNED:

Secretary

* * * *

I **HEREBY CERTIFY** that the foregoing resolution was duly and regularly adopted and passed by the Board of the Montara Water and Sanitary District, San Mateo County, California, at a meeting thereof held on the 1st day of October, 2015 by the following vote:

AYES, Directors:

him him

NOES, Directors:

ABSENT, Directors:

Secretary, Montara Water and Sanitary District